

AGRICULTURAL DEVELOPMENT CONSULTANTS INC. (AGRIDEC)

**RURAL ORGANIZATIONS AND ENVIRONMENTAL
CONSERVATION ACTIVITY**

ROCA/TechnoServe EVALUATION

Contract No. 519-C-00-99-00064-00

FINAL REPORT

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ABBREVIATIONS

ADESCO	Community Development Association
AGRIDEC	Agricultural Development Consultants, Incorporated.
AGROLEMPA	The Bajo Lempa Farmers Association
APROINORES	El Salvador Organic Agro-industrial Producers Association
BOLPROES	Salvadoran Commodity Exchange
CENDEPESCA	Aquaculture and Fishermen Development Center
CENTA	Appropriate Technology National Center
COGS	Value of Goods Purchased by Farmers
COMURES	Rural Communities Association of El Salvador
CONAMYPE	National Commission for Micro and Small Micro enterprises
CORDES	Community Development Foundation of El Salvador
DIGESTYC	General Department of Statistics and census
ECLA	Economic Commission for Latin America
FMC	Farm Management Center
FESACORA	Salvadoran Federation of Agrarian Reform Cooperatives
FUNPROCOOP	Foundation for the Promotion of Cooperatives
FUNSALPRODESE	Salvadoran Foundation for Social and Economic Development
GOS	Government of El Salvador
LOP	Life of Project
M & E	Monitoring and Evaluation
MAG	Ministry of Agriculture and Livestock
MU	Management Unit
MYPES	Micro and Small Business
1LO	First Level Organizations
2LO	Second Level Organizations
PMES	Planning, Monitoring and Evaluation System
ROCA/TNS	Rural Organizations and Environmental Conservation Activity
SIIAG	Integrated Agribusiness Management Information System
TNS	TechnoServe
TOR	Terms of Reference
TVC	Total Variable Cost
UConn	University of Connecticut
USAID	United States Agency for International Development
UNDP	United Nations Development Program

Executive Summary

The main purpose of USAID's Rural Organizations and Environmental Conservation Activity (ROCA/TNS) implemented by TechnoServe and UConn (University of Connecticut) is to increase the availability of environmentally sound technologies and marketing services to primary-level organizations (1LO) and low-income small producers, through sustainable secondary-level organizations (2LO). Services provided through the Activity are intended to contribute to the Mission's USAID/El Salvador Strategic Objective No. 1, "*Expanded Access and Economic Opportunity for Rural Families in Poverty*", and Intermediate Result 3b, "*Increased Coverage of Sustainable Secondary Organizations Providing Technological and Marketing Services*". It will also support Strategic Objective No. 4, "*Increased Access by Rural Households to Clean Water*", which has a geographic focus in 18 priority municipalities within the selected watersheds identified by USAID Result No. 4.1, "*Improved Quality of Water Sources*"; and the Sub-Intermediate Result No. 4.1.1, "*Increased Use of Improved Agricultural Practices*."

The contract between USAID/El Salvador and TechnoServe Inc. was signed on May 16, 1999 for a base period of three years with a budget of \$3,947,291 and an option period of two additional years with a budget of \$2,150,439. The base period originally ended on May 15, 2002. On May 17, ROCA/TNS was extended to December 31, 2002, with no additional cost.

This evaluation was mainly focused on the effort carried out in developing and strengthening the Farm Management Centers (FMCs) established within five 2LOs, as well as in facilitating and expanding the technological, marketing, financial and business services provided by these units to first-level organizations and individual small rural farmers. The Terms of Reference (TOR) included a list of specific questions to be answered by the evaluation team.

ROCA/TNS evaluation was carried out by a three member team contracted by AGRIDEC (Agricultural Development Consultants, Inc.) during October 21 to November 5, 2002. A brief description of team members' professional training and experience is included in Annex 9. Basic information for the task was obtained through ROCA/TNS staff, as well as interviews carried out with 2LOs and 1LOs representatives, small farmers and USAID personnel. Main conclusions, recommendations and lessons learned derived from the study are the following:

Conclusions:

1. Field site visits showed evidence that ROCA/TNS has made important contributions to the improvement of targeted small farmers' income and standard of living through increasing access of their products to local markets, as well as developing 2LOs and 1LOs entrepreneurial capacity.
 2. FMCs services partial sustainability has been reached. Despite termination of ROCA/TNS technical and marketing assistance, FUNSALPRODESE, FUNPROCOOP and FESACORA, have continued offering at least some of
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FMCs services after USAID financing ended. Likewise, CORDES and USULUTAN II are willing and able to sustain a trimmed structure.

3. ROCA/TNS Activity conceptual design as stated in the USAID/RFP was well conceived but in practice some assumptions proved to be unrealistic. For example, the premise that 1LO and members will prefer to market their production through their own 2LO FMCs based on a strong sense of belonging, compromise and loyalty, was questionable.
4. The original number of beneficiaries targets as originally defined in ROCA/TNS activity design was excessive and almost impossible to reach, mainly during the first year of ROCA/TNS activity.
5. ROCA/TNS monitoring and evaluation plan was well implemented keeping a detailed record on the indicators reported to USAID. The documentation behind the indicators was carefully analyzed, and it was found that the data was consistent and methodologically sound.
6. Farm Management Centers services have been useful and valued by the majority of ROCA/TNS direct clientele interviewed during field site visits.
7. Partner's participation in FMCs staff selection process has been a key issue in ROCA/TNS activity implementation.
8. ROCA/TNS activity has made important contributions to promote environmental conservation practices. A total of 1,507 hectares are now covered by organic cropping, 362 hectares with integrated pest management and 552 hectares with soil conservation practices.
9. One of FMC's most recognized service among small farmers visited was product transportation from the farm to the market. During field visits it was possible to corroborate that the majority of ROCA/TNS technicians have been continuously involved in transport of products using FMCs vehicles. From the Activity perspective, this situation has created small farmers dependency on ROCA/TNS vehicles and personnel and has affected ROCA/TNS technical performance and operational costs. From a business perspective, it has facilitated farmers access to markets.
10. Credit availability proved to be a limitation for ROCA/TNS implementation at the farmer level. ROCA/TNS effort with FIDECOOP and FUNDACION CAMPO at the earlier stages of the project attempted to fill this gap. This action did not make progress, among other reasons, due to farmers' reluctance to use their land title as guarantee as required by financial institutions.
11. CENTA has not played the expected role within the ROCA/TNS activity, due to institutional problems that have limited its capacity to offer technical assistance to small farmers in a sustainable basis. As result of this situation ROCA/TNS

personnel increased their work load pursuing the use of alternative technology information sources to obtain appropriate recommendations for small producers, specially for high value horticulture crops.

12. The University of Connecticut made several contributions to the activity, specially in relation to FMCs initial development and implementation. These include technical studies such as analysis of water pollution, development of the Integrated Agribusiness Management Information System (SIIAG, in Spanish) software, training activities for ROCA/TNS, CENTA staff and producers and diffusion of documents produced. However, several studies carried out have not been widely diffused apparently due to their highly academic orientation.
13. Training has been a key issue within the ROCA/TNS Activity. On the other hand, massive diffusion of training products and achievements has not been as successful.
14. ROCA/TNS responded in 86 municipalities to the emergency and needs resulting from the two 2001 earthquakes that affected El Salvador. Services provided included, but were not limited to, technical assistance to rehabilitate the cultivated land and to rescue crops ready to be harvested, and aid in distribution of food, blankets, mattresses, and wood for house reconstruction, among other supplies.

Recommendations:

1. ROCA/TNS design and implementation experience needs to be capitalized in future USAID projects in El Salvador and other Latin American countries.
2. Under current Salvadoran socioeconomic conditions and based on other Central American countries current experiences in future USAID projects aimed to increase small farmers income and standard of living, it is recommended to use a **market demand chain approach and strengthening small farmers entrepreneurial capacity, parallel to building 2LO business capacity.** Project coordination with other local economic development efforts and careful selection of project personnel is essential in this case.
3. Procure availability of irrigation equipment and corresponding user's training in locations where water is readily available from rivers or wells. This availability could expand small farmers agricultural output by growing crops in the dry season of the year and assure yield and quality of production for internal and external markets. Service mechanism for individual and multiple users can be sought for each situation, including the farmers option to purchase machinery and equipment on credit basis.

4. A mechanism for on-farm validation of technologies, specially for the high value horticultural crops, should be incorporated in projects that promote new or unfamiliar crops for the targeted small farmers communities.
5. Promote local services enterprises at the local level to supply transportation for farm products and supplies, irrigation, pest control, machinery and equipment, among other services.
6. Accelerate USAID deliver of vehicles to 2LOs in order to increase FMCs transportation services to small farmers. Likewise, in future projects, the transportation service should be contracted from a source outside the project and and the staff's involvement. By doing so the beneficiary will be aware from the beginning of the project of the cost of transportation, how to deal with its providers, and coordinate effort with other producers.
7. Include a strategy to support a smooth integration of the FMCs services to existing 2LOs, 1LOs and small farmers traditional activities. The integration is a condition *sine qua non* to guarantee the sustainability of the project as well as to achieve project targets. Without a smooth integration, precious time, effort and resources are not used efficiently.

Lessons learned:

1. In projects oriented to increase small farmers based on a market demand approach it is not convenient to limit existing income generating activities that are carried out by project implementation units. Ultimately, the new project must add to existing income generating activities while promoting new alternatives. The challenge is to take advantage of existing market opportunities and to obtain net family income increase and improvement in standard of living conditions.
2. Changing the mind set of an organization, from a traditional approach to a more business oriented one, and to mobilize small farmers' scarce resources from traditional crops and slash and burn agriculture, to horticulture and other high value type of crops using environmental sound practices is usually a very slow process. At early stages of the project, the number of farmers that accept and use new techniques is very small. To build up a critical mass of beneficiaries and significantly increase their number will take a long time and dedication. Under those circumstances one must be careful not to set overly optimistic targets of beneficiaries at the first year of project implementation.
3. Special attention must be devoted to the analysis of the conceptual framework that will support future USAID projects of similar nature as this Activity. Likewise, project design must deal with a broad range of issues, not just technical and commercial aspects, but also with socio cultural background and institutional setting.

4. Project implementation flexibility and proactive behavior of project staff seem to be key issues for success in market demand oriented projects.
5. To increase the impact of the FMCs in the welfare of small farmers, stimulate synergies and achieve a larger demonstration effect, it is necessary to share such experience with outside organizations and a broad range of audiences.
6. Mid term evaluation activity should be considered in future USAID projects, in order to introduce necessary changes as required, at the right time.
7. Testing of new agricultural development approaches as pilot experiences is highly desirable. It permits the assimilation of important lessons for future activities, reduces risk and uncertainty, and increases the chances of success while improving the use of scarce resources.
8. In a project that has as a main objective to increase the income of the small farmers, research studies carried out as part of the project need to be more hands-on, with the thrust of the effort oriented to support project activities and beneficiaries and not an academic exercise. Furthermore, the authors need to present their research findings in a readable form for a wider audience.
9. Promotion and diffusion of project activities and achievements and financial support are essential and must be contemplated for such activities.

**RURAL ORGANIZATIONS AND ENVIRONMENTAL CONSERVATION
ACTIVITY (ROCA/TNS)
Contract No. 519-C-00-99-00064-00**

ROCA/TNS EVALUATION FINAL REPORT

I. INTRODUCTION

On May 14, 1999 USAID/El Salvador signed a contract with TechnoServe, Inc. for the implementation of the Rural Organizations and Environmental Conservation (ROCA/TNS) Activity. Part of the technical assistance component under the contract was subcontracted to the University of Connecticut.

The purpose of the ROCA/TNS Activity is to increase the availability of environmentally sound technologies and marketing services to primary-level organizations and low-income small producers, through sustainable secondary-level organizations. ROCA/TNS covers three major activities: 1) Strengthening of secondary level organizations, 2) Management information systems and monitoring services, and 3) Participant training. A detailed summary of Project Outputs and Indicators is presented in Annex 1.

The Contract between USAID/El Salvador and TechnoServe contemplates a grant mechanism to be implemented by the contractor. The purpose of the grant is to support the indigenous organizations in order to expand their technological and marketing services by the provision of equipment, commodities, and operational expenses directly associated to ROCA/TNS and the donation of a revolving working capital.

Services provided through the ROCA/TNS Activity are intended to contribute to the Mission's USAID/El Salvador Program Strategic Objective No. 1, ***“Expanded Access and Economic Opportunity for Rural Families in Poverty”***, and Intermediate Result 3b, ***“Increased Coverage of Sustainable Secondary Organizations Providing Technological and Marketing Service”***. It will also support Strategic Objective No. 4, ***“Increased Access by Rural Households to Clean Water”***, which has a geographic focus in 18 priority municipalities within the selected watersheds identified by USAID Result No. 4.1, ***“Improved Quality of Water Sources”***; and the Sub-Intermediate Result No. 4.1.1, ***“Increased Use of Improved Agricultural Practices.”***

The contract between USAID/El Salvador and TechnoServe was signed for a base period of three years with a budget of \$3,947,291 and an option period of two additional years with a budget of \$2,150,439. The base period originally ended on May 15, 2002. On February 2, 2001 the first amendment added to the main purpose that “the contractor will provide technical and marketing support to small farmers and cooperatives in municipalities affected by the 2001 earthquakes.”

Secondary level organizations have served the rural poor in areas such as: institutional development, environmental conservation practices, gender, agricultural production and marketing technology transfer, management, finance-credit, and information systems. Initially, ROCA/TNS supported the following secondary level organizations: FESACORA (Federación Salvadoreña de Cooperativas de la Reforma Agraria), FUNSALPRODESE (Fundación Salvadoreña para la Promoción Social y el Desarrollo Económico), FUNPROCOOP (Fundación para la Promoción de las Cooperativas) and USULUTAN II (Fundación Usulután II). On April 30, 2001 the contract agreement between ROCA/TNS and FESACORA was terminated and later on replaced by CORDES (Fundación para el Desarrollo Comunal de El Salvador). A brief profile of these organizations is presented in Annex 2.

The second amendment of the TechnoServe Activity signed on May 17, 2002 extended the Activity's performance period up to December 31, 2002, with no additional cost over the first phase budget and restricted focus of the technical assistance and additional services to only two secondary-level organizations: USULUTAN II and CORDES. The amendment also modified the contract targets expanding them to account for the seven months extension.

This evaluation pertains only to the activity implemented by TechnoServe and was mainly focused on the effort carried out in developing and strengthening the Farm Management Centers within the five (including FESACORA) secondary-level organizations. It also relates to facilitating and expanding the technological, marketing, financial and business services provided by these units to first-level organizations and individual small farmers. Lessons learned and the future sustainability of the ROCA/TNS Activity investment and effort were important issues to be considered. The list of specific questions, as defined in the TOR to be answered through the evaluation is presented in Annex 3.

This document reflects ROCA/TNS Activity evaluation task carried out during October 21 to November 5, 2002. The document contains a brief description of the methodology used followed by an analysis of major findings, conclusions and recommendations. Finally, major lessons learned derived from the ROCA/TNS Activity implementation are presented.

The evaluation activity was performed by Agricultural Development Consultants, Inc. under a services contract with TechnoServe, Inc. The team leader was Milton G. Muñoz, Ph.D., Sustainable Economic Development and Project Evaluation Specialist, Federico Poey, Ph.D., Agricultural Research and Training Specialist and Francisco Molina, M.A., Economic Planning and Evaluation Specialist.

II. METHODOLOGY

At the beginning of the Activity a meeting with USAID officials and several meetings with ROCA/TNS personnel were conducted. Initial secondary information data collection and analysis was followed by a preparation of a detailed work plan as requested in the TOR. The plan was presented and approved by TechnoServe and USAID. Access to data sources and arrangements to gather data were facilitated by both organizations.

In order to collect information from primary sources four questionnaires with a set of interrelated questions were prepared and used during structured interviews with personnel from second and first level organizations, FMCs and small producers.

Once basic instruments were designed and prepared, data collection from primary sources was initiated. With support of ROCA/TNS personnel, top officers from FESACORA, FUNSALPRODESE and FUNPROCOOP were interviewed in San Salvador. USULUTAN II and CORDES officers and FMCs personnel were later interviewed directly in their regional offices at Usulután and Cantón El Playón, respectively. Following the suggestion of the evaluation team, ROCA/TNS central office personnel did not attend these meetings.

Initial selection of small farmers and first level organizations was made at random using TechnoServe Monitoring and Evaluation information records and taking in consideration the project's evaluation objectives proposed. Final selection took into consideration adjustments derived from ROCA/TNS second amendment establishing priority for selected municipalities. The list of persons interviewed is presented in Annex 4.

It is necessary to point out the great spirit of collaboration and interest shown by key players interviewed during field work and site visits with recipients –and partners- of ROCA/TNS technical assistance. Likewise, main evaluation activities were effectively conducted thanks to excellent Management Unit (MU) staff cooperation and project documentation.

III. RESULTS AND DISCUSSION

This section has been organized according to the main issues raised in ROCA/TNS evaluation TOR.

3.1. ASSUMPTIONS AND CONTEXT

3.1.1 Was the Activity design based on realistic assumptions and correct assessment of the economic and social environment?

Answer: Not entirely.

Specific Findings and Discussion:

1. Main assumption behind ROCA/TNS approach was that with additional technical assistance and financial support (grant), three to eight (five at the end) local secondary organizations that qualified as recipients under this Activity would be able to reach and increase income and standard of living of 12,000 small producers in a three years period. It was implicit that the organizations were serving the rural poor in areas such as institutional development, environmental conservation practices, gender issues, agricultural production and marketing technology transfer, management, finance-credit, and information systems.
2. The beneficiaries target was met thanks to a reinterpretation in the definition of clients receiving services to include direct and indirect clients. At the beginning of the project, and at least until the semi annual report for June 2001, the FMCs estimated the number of clients receiving services from the 2LOs and 1LOs, by including only the number of clients that received a direct service. For example, this clientele was estimated by including those that had participated in a seminar, or received technical or marketing assistance. Furthermore, to avoid double counting, a detailed list of all clients was designed by ROCA/TNS Monitoring and Evaluation (M&E) staff. With that list it could be determined whether or not a client had received other services from the project or if he/she was a new client. The new interpretation, shared with the participating institutions, changed the original guidelines. To calculate the number of clients receiving services it was not necessary to have a direct client link to the 2LO or 1LO; it was sufficient that a service was provided by the 2LO to the 1LO. For instance, if a cooperative has 100 members and marketing services are provided to three members of their Board of Directors, it was assumed that the proceeds of the marketing service would be used to benefit all members of the Cooperative. As the organizations began their reporting under different guidelines, the number of clients receiving services experienced a significant increase. Without this revised interpretation of a client receiving services, project targets would not have been met.

3. Another critical assumption under this context was the expectation of CENTA's role within the project providing technical assistance to FMCs clientele. **Such assumption proved to be unrealistic.** CENTA's administrative crisis during the last decade is well known and documented. Field visits demonstrated that, with few exceptions, such as CENTA Extension Agency early performance in San Miguel, in most other municipalities CENTA was not able to provide such services. Furthermore, notwithstanding the crucial role in CENTA participation to reach directly the Activity's clients, incentives such as grants or equipment oriented to stimulate CENTA's participation were not considered in the project. Section 3.4. **ROCA/TNS- CENTA Linkages** expands on this issue.
4. In relation to the economic and social environment assessment it was clear at the beginning of the project that two thirds of El Salvador's poor reside in rural areas with limited access to public services or to the basic factors of production. Particularly, it was recognized that the lack of access to marketing channels, production technologies and **financial services** still remains a major constraint to agricultural production. Today, as described in Annex 10 of this report, the economic environment under which ROCA/TNS is being implemented is not the most desirable.
5. The assumption that the adoption of new technology insures success only if farmers have secure access to markets for their production is **correct but incomplete**, particularly in the case of highly perishable, costly horticultural crops. Such adoption also heavily depends on the availability of financial support, a neglected aspect within ROCA/TNS Activity design. Small farmers' access to existing credit sources continue being very limited in all regions, a situation that was aggravated by the Mitch Hurricane and 2001 earthquakes.

3.1.2 Was the model of targeting secondary-level organizations the best option to extend technical-marketing services on a sustainable basis?

Answer: On paper yes, in practice no.
Specific Findings and Discussion:

1. Twelve selection criteria were developed by USAID for secondary-level organizations to qualify as grant recipients under this project Activity.
 See Table 1. Given the nature and strict selection criteria it is easy to visualize operational difficulties faced by ROCA/TNS trying to find existing second level organizations that meet at least the majority of requirements.
2. In the Activity contract, USAID stated strong interest in developing organizations that deliver services to their clients in a sustainable manner, regardless of their number, rather than assisting a larger number of organizations that cannot sustain service delivery once the activity terminates.

Hence, the quality and longevity, as stated in the TOR, were more important than the overall number of secondary-level organizations assisted. Activity's interventions intended to have institutionally strengthened between three to eight local organizations in order to better serve the rural poor in a sustainable basis, *i.e.*, once USAID's assistance ends. Such rational was well defined and understood. However, second level organizations were not prepared to properly respond to project challenges and expectations. A lot of work has been invested in each case and FMCs are not fully consolidated yet.

3. According to FESACORA's General Manager, ROCA/TNS approach major weakness is that efforts are focused at the top rather than at the bottom of organizations.¹ In his view, the way in which the project was implemented did not allow for self development at the organization level. In his view "...the project was promoted in one way and implemented in another. At the beginning too much time was spent in data collection and unnecessary reports. Project technicians were fully involved in FESACORA's internal routine activities, including products transportation to the local markets, due to pressure to achieve project goals. It is very difficult for secondary level organizations, such as FESACORA, to finance an early, over dimensioned technical team from the beginning. Thanks God we finished the relationship with ROCA/TNS. Otherwise, we would have continued facing severe financial problems. In the future, it is better to initiate with one or two marketing specialists and increase the technical team as necessary, once business development activities have generated enough profits ", he said.
4. Following other Central American countries' experiences it seems more appropriate to work under a market demand integrated approach concentrating major activities at the small farmers level, developing and/or strengthening their entrepreneurial skills and paying strong attention to the productive chain as a whole, parallel to building 2LO business capacity.

¹ It seems that he did not understand that since its design, the FMCs were created to strengthen 2LO and from them, to assist farmers.

Table 1. Secondary-level Organizations Selection Criteria

- 1. Preferably, the project Activity should assist secondary-level organizations that have not received USAID support in the past.*
- 2. The organization should be oriented towards the resolution of economic problems of the rural poor, rather than social problems such as health, education, housing and non-productive infrastructure.*
- 3. The organization should promote, or be willing to promote, environmentally sound technologies and practices such as organic crops, integrated pest management, soil erosion prevention, or forestry; and should be open to carry out actions in the 18 priority municipalities.*
- 4. The organization should have adequate financial and administrative capabilities to manage USG funds in accordance with USAID requirements. Should the organization lack such capabilities, technical assistance/training will be provided by the contractor to overcome such limitation.*
- 5. The primary focus of the organization should involve 'fee for services' activities, such as on-farm mechanization, input supply, marketing, and technical assistance. Trade association activities including promotion, lobbying, and representation, are acceptable as a secondary focus.*
- 6. The organization should be able to become economically self-reliant through the collection of member dues or fees, self-generated economic activities, capitalized past income, loans, and not be dependent on outside grants, donations or subsidies, except in the short term.*
- 7. The organization should be a secondary-level association composed of primary organizations whose goal and methods are the same as those of the secondary organization.*
- 8. The organization should have stable elected and hired management, or be making strides toward that end.*
- 9. The organizations should be composed of primary associations that reach a significant number of direct beneficiaries.*
- 10. In the case of a secondary-level organization, it should have an open membership policy, in other words, it should be willing to associate new primary-level organizations.*
- 11. The organizations should have a demonstrated need for management training/technical assistance, extension methodologies, and institutional development.*
- 12. The organization should promote the inclusion of women as direct beneficiaries of its services and this project Activity in particular.*

3.2. TARGETS

Have all the indicator targets been satisfactorily achieved, duly documented, and, if one or more have not, what are the reasons for the less-than-expected accomplishment?

Answer: Most targets have been achieved.
Specific Findings and Discussion

1. Essential questions being addressed by the evaluation team are the gauging of progress of ROCA/TNS

towards achieving targets and the quality and the reliability of the data. In this context, it is important to link this assessment with other issues, such as ownership of the concept of FMC, its relation with the organization, turnover within the FMCs and the fulfillment of critical assumptions.

For example, working close with their first tier organizations, links with CENTA, and strengths and weaknesses of the secondary-level organizations are essential elements to understand the accomplishments and/or incompleteness of project targets. Some of these aspects will be considered below.

2. To be able to achieve project targets it is essential that FMCs work closely and integrate fully into the participant organizations. In the case of FUNSALPRODESE and FUNPROCOOP, the integration process was slow and painful. The FMC was perceived as an outsider, “forcefully placed within their organization”. At a later stage, early 2001, “trusted” staff from FUNSALPRODESE and FUNPROCOOP became part of the FMC and the project enjoyed a more adequate working environment. Notwithstanding, precious time was lost, making it more difficult to achieve project targets. With respect to FESACORA, in addition to the problems mentioned above, their personnel was not working closely with its primary level organizations previously to this project Activity. Under those circumstances, it was very difficult for the FMC to develop a working relationship with the primary organization and with the clients. In that framework, it was very difficult that the FMC could integrate fully with the organization, its clients or achieve its targets.
3. With respect to CORDES and USULUTAN II, since the early stages of the project, the activities were carried out in a more friendly and harmonious working environment. A key reason was the incorporation in the FMC of staff that was working in the organizations or that had previous experience from other FMCs. Furthermore, a positive externality of the location of the FMCs outside of the metropolitan area of San Salvador, is that it reduces the propinquity and insertion of ROCA/TNS headquarters in the every day decision making process of the FMCs, and also reduces their dependency to carry out their every day operations.
4. Another critical element to fulfill ROCA/TNS targets is the assumption of a working relationship between the secondary and primary level organizations with CENTA, the Government of El Salvador’s (GOES) agricultural research and extension agency, aspect already mentioned.
5. One final aspect is the high personnel turnover rate at the FMCs. It makes for a more difficult project implementation, monitoring and evaluation.

Achievement of targets and data accuracy

6. To facilitate the analysis the indicators were grouped in three areas: a) related services received and sustainability of the Activity, b) degree of satisfaction of services received and c) increased use of improved agricultural conservation practices. Analysis were made both, at the aggregate and organizational levels.

Related services received and sustainability of the activity.

7. Meeting the target of the value of products marketed with the support of the Activity was crucial to the sustainability of the project, as well as the goal of increasing the welfare of the rural population. In order to meet the goal from year one, the project had set very ambitious targets. See Annex 1. At the end of year 2, in spite of an increase in the value of the transactions, it seemed highly unlikely that project target could be accomplished. Table 2 shows that the value of products marketed was completed in only 62%. The report on sales value is based on accounting records and not on **real economic benefit**, *i.e.*, it neglects sales appropriately attributed to technical assistance, although not conducted through the FMCs.
8. A key aspect was the bold move to change courses: terminating FESACORA, an organization that with the benefit of hindsight should not have been chosen to participate in the project and bringing CORDES, a well established organization that had taken full advantage of the support provided by ROCA/TNS activities. Furthermore, CORDES participation and the quick assimilation and integration to the project were fundamental to achieve project targets. The other part of the story is that the other participating organizations had also gathered more *momentum*, integrating the FMCs into their organization activities, building up trust with their clients and increasing the number of beneficiaries that marketed their products through their organization.

Table 2. First phase ROCA/TNS targets and achievements

USAID Indicators	Year 3 Target	Achieved	% of Target Achieved
	Cum.-June 2002	Cum.-June 2002	Cum.-June 2002
No. of clients receiving services from 2LO through primary level organizations (including 25% women): Total M & F	12,000	12,866	107%
Of which, women are:	3,000	3,322	111%
No. of primary level organization affiliated to and receiving services from 2LO:	120	161	134%
No. of producers affiliated and receiving services from primary level organizations (including 25% women): Total M & F:	12,000	12,866	107%
Of which, women are:	3,000	3,322	111%
% of sustainability achieved by primary level organizations	100%	54%	54%
\$ Value of products marketed by primary level organizations	1,395,425	867,848	62%
\$ Value of products marketed by 2LO	1,395,425	867,848	62%

Source: ROCA/TNS Project Semi-annual Report

9. Another important target is the sustainability of the FMC. All of the organizations that were part of the ROCA/TNS Activity, including to a lesser extend

FESACORA, are planning to maintain, after the PACD (Project Accomplish Completion Date), a modified version of the FMCs. In the case of FUNPROCOOP and FUNSALPRODESE, after the termination of the technical and financial assistance on May 16, 2002, they continued financing a scaled down version of the FMCs with their own resources. For instance, in the team's visits to La Finquita, a horticultural operation, farmers expressed that FUNPROCOOP continued to provide them with working capital as well as technical assistance to tend their crops. Beneficiaries of Las Marías, a peanut growers community, also claimed available support for their marketing and temporary storage activity.

10. CORDES and USULUTAN II are also taking steps to maintain their FMCs after December 31, 2002, more than likely following a strategy similar to the one used by FUNPROCOOP and FUNSALPRODESE. This decision was determined by the organizations' belief in the effectiveness and potential of the FMCs, as well as demand-driven coming from clients that received the service and the increase in expectations from other clients. On the down side, in spite of the marketing strategic adjustments made, the value of products marketed by ILO only reached 62% of the expected result. See Table 2. However, this value is underestimated because a considerable number of farmers sold part, or all their products, outside the agreed commitment to sell through the ILO.
11. A central feature of ROCA/TNS strategy to achieve sustainability is a strong emphasis on providing beneficiaries a marketing service and progressively expanding the capacity to increase sales and the number of beneficiaries. Table 3 shows a summary of the transactions carried out by the FMCs that includes the sustainability achieved by the 2LOs.
12. To be able to achieve the Activity's target of 100% sustainability for the 2LOs, the FMC's level of sales needed to be equal to \$1,443,292 (the sum of the value of goods purchased from rural producers, variable cost financed by the 2LO and recurrent cost financed by ROCA/TNS support). In other words, to achieve 100% sustainability, the volume of sales needed to cover the value of goods purchased from the beneficiaries as well as all the cost of running a full staffed FMC.
13. Table 2 shows that only 57% of sustainability was achieved. It is not surprising that the two 2LOs that came closer to meeting the targets were CORDES (81%) and Usulután II (69%), the organizations that from the early stages of the project carried out the activities in a more friendly and harmonious working environment. Under those circumstances it was easier for the FMC to develop a working relationship with the primary organization, as well as the clients, and more rapidly increase the volume and value of transactions carried out by the FMC.

Table 3. Financial statement for all FMCs, as of June 30, 2002

Concepts:	Total	CORDES	FUNPRO	FUNSAL	USULUTAN II
Annual sales	827,258	238,440	164,368	88,475	335,975

Value of goods purchased from farmers (COGS)	650,346	185,307	143,215	74,370	247,454
Gross margin	176,912	53,133	21,153	14,105	88,521
Total variable cost (TVC)	62,694	15,986	8,378	6,137	32,194
Net profit	114,218	37,148	12,775	7,968	56,327
Sales/(COGS+TVC): index	1.16	1.18	1.08	1.10	1.20
Recurrent cost (RC) 2/	730,252	94,067	208,430	219,638	208,117
Sales/(COGS+TVC+RC): index	0.57	0.81	0.46	0.29	0.69
% Sustainability	57	81	46	29	69

1/ Source: ROCA/TNS Semi-annual report.

2/ ROCA/TNS contribution to FMCs recurrent costs

14. In conclusion, all 2LOs are willing to continue some of FMCs services after USAID financing ended, which indicates that at least partial FMCs services sustainability has been reached.

Degree of satisfaction of services received

15. Satisfaction of services targets have been met. A random sample of 1LO and small farmers benefited by ROCA/TNS shows that more than 80% of 1LOs and small farmers are satisfied with the quality and quantity of services. See Table 4. Several examples of positive small farmers's comments are being presented in this chapter. In future activities in order to measure more accurately the strength of the increase in client's satisfaction, the baseline, as well as the follow up survey, needs to incorporate additional key parameters, such as level of income, that can be used to measure the improvement in the clients well-being that can be attributed to the activity.

Table 4. Increase in Degree of satisfaction with Quality and Quantity of Services

USAID Indicators	Year 3 Target %	Achieved %	% of Target Achieved
% of primary level organizations & small farmers satisfied with quality of services	80	82	103%
% of primary level organizations & small farmers satisfied with quantity of services	80	82	103%

Source: ROCA/TNS Project Semi-annual Report

Increased use of improved agricultural conservation practices.

16. Targets have been achieved according to data presented in Table 5. It is important to notice that a total of 188 farm units are utilizing improved agricultural and/or conservation practices. Likewise, sound environment technologies are being used in 2,421 hectares. However, one of the weaknesses of these indicators is that it does not have updated information on past activities, and only registers new areas

under conservation practices, without considering, for example, whether an area that in the first year of the project was under soil conservation practices remained so in 2002. This table does not show, for example, what the total area in hectares covered by soil conservation practices is at the end of the Activity. What it shows is that in the life of the project (LOP) conservation practices were used in a total of 552 hectares.

Table 5. Increased use of improved agricultural conservation practices.

USAID Indicators	Year 3 Target	Achieved	% of Target Achieved
Hectares covered by soil conservation practices	422	552	131%
Hectares covered by organic cropping	1,496	1,507	101%
Hectares covered by integrated pest management	333	362	109%
No. of farm units utilizing improved agricultural and/or conservation practices	110	188	171%

Source: ROCA/TNS Project Semi-annual Report

17. Benefits such as better market prices, higher yields and lower cost, can provide the appropriate incentives to increase soil conservation practices or organic cropping. Without appropriate incentives which could be attributed to technological support, as well as marketing strategies, areas under conservation practices will probably be reduced .

Data quality assessment

18. The M&E plan was implemented by ROCA/TNS through careful information gathering and monitoring of results with feedback and strong participation of the FMCs' staff. The Activity was carried out under a systematic evaluation process, keeping a detailed and well documented record of the indicators reported to USAID. It included the extent to which the objectives of the activity were achieved and measurements of assistance impact by using ROCA/TNS well designed forms. The documentation behind the indicators was carefully analyzed, and it was found that the data was consistent and methodologically sound .

For some indicators, ROCA/TNS M&E staff prepared detailed information beyond USAID's normal M&E requirements. For instance, to estimate the number of beneficiaries receiving services, ROCA/TNS kept an updated beneficiary registry, that included the name of the beneficiary, the service provided and the 1LO/ 2LO that provided it. The data source is the records compiled by the FMCs of all the services provided to their beneficiaries. For example, if FMC-CORDES provided working capital or technical assistance to Juan Perez, on September 16, 2001, he signs a document that is also co-signed by the FMC's staff, that states the type of service delivered by the FMC.

To estimate the value of products marketed by 1LOs/2LOs, the FMCs kept a detailed log of all the transactions of the product marketed by the FMCs. It included number of beneficiaries, prices paid to farmers, sales price and type of products. Other information such as training events was examined as well. In this case ROCA/TNS kept detailed information on all training events, including: names of beneficiaries, place of the event and type of training.

3.3 FMCs SERVICES AND SUSTAINABILITY

3.3.1 What type of services are these FMCs and organizations delivering to their clientele? Are they valued by the clientele? Are the clients satisfied with the quality and quantity of services?

Answer: Main services rendered by FMCs at the field level are:

- Marketing farm products
- Crops selection based on market demand
- Promotion of environmentally friendly technologies for the production and processing of specific crops.
- Management and financial assistance
- Identification of new buyers
- Registration of weekly sales segregated by producers and products.
- Training at the management and farmers level
- Information on spot prices and price trends

FMCs services are being well valued by the clientele and, in general, clients visited during field work are satisfied with marketing quality services. As explained below both, quantity and quality of FMCs services and activities varies across organizations.

Specific Findings and Discussion

1. From a conceptual point of view the Farm Management Center (FMC) was conceived as a business unit created within the parent organization to provide technical assistance, economic consultation, market information, credit, legal and institutional services, among other contributions to the members and producers of the primary organizations. Likewise, to promote the cooperation among farmers and their organizations to take advantage of their economies of scale and scope related with their production and marketing functions.

Besides, the FMC was considered an ideal mechanism to facilitate the development of risk sharing enterprises, through the provision of technical procedures and entrepreneurial services.

2. The fundamental objective of the FMC is to improve the competitiveness of low income farmers by promoting and facilitating their progressive integration to markets. The specific objectives are:

- Promote the managerial capacity of low income farmers and their organizations so that they can make better business decisions and increase their income;
 - Provide technical assistance to increase the productivity and so lower production costs and increase the profitability of agricultural activities, promoting at the same time the increased use of environmentally sound agricultural technologies;
 - Promote the adoption of technologies to increase profitability and, at the same time, to improve the quality of the natural environment;
 - Improve the technical, marketing, financial and economic services integrated within the management of the agricultural enterprises, with which the agricultural organizations, the extension agents and the producers can make timely and proper decisions;
 - Facilitate the creation and strengthening of agricultural organizations;
 - Develop an integrated system for data management, consisting of agricultural registries, business, technological and marketing data. This information system will serve at least three purposes: (1) help producers and their organizations in their decision making process; (2) feed wider national information systems with local and regional data; and, 3) provide the political decision makers with timely agricultural information that could be used to formulate such policies.
3. In general, when farmers were asked about differences before and after FMCs presence they pointed out that FMCs marketing services are transparent and useful.
 4. As stated before, farmers visited appeared to be quite satisfied with FMC's marketing and technical assistance services. Such satisfaction seems to be due to the fact that, for the first time, a project has helped them in identifying new markets, with better prices, and transportation of products. In general, FMC's marketing activities are well known and appreciated.
 5. During field visits it was corroborated that the majority of ROCA/TNS's technicians have been frequently involved in transportation of products, using FMCs vehicles. From the Activity perspective this situation has created small farmers dependency on ROCA/TNS vehicles and personnel affecting its technical performance and operational costs. From a business perspective it has facilitated farmers' access to markets.
 6. Some specific observations and comments based on field site visits to FMCs are the following:

FUNSALPROSEDE's FMC.

- The relationship between ROCA/TNS and FUNSALPRODESE was initiated in 1999 when the official agreement was signed on January 26, 2000 and ended on May 16, 2002. A brief description of FUNSALPRODESE is presented in Annex 2. The contract signed with ROCA/TNS followed the same pattern presented in Annex 5. Total amount of the grant agreement was \$334,345.

- FUNSALPRODESE's lack of experience with USAID projects, the rather large size of FMCs technical team, personnel selection process used by ROCA/TNS and lack of financial support available contributed to the projection of an inadequate image of FMC within the Foundation. All the personnel working with the FMC office came from outside the institution. None of FUNSALPRODESE technicians holds comparable academic level and salary. There were internal communication problems and the relationship between FUNSALPRODESE and FMC personnel was described as very cold until January 2001.
- FMCs provided technical assistance in production and marketing for high value crops and use of soil conservation practices. Main crops being promoted are papaya, green pepper, tomatoes, cucumber, and others where local varieties have been replaced by improved cultivars.

“At the beginning the FMCs personnel was seen as a ‘graft’ within the organization. It took a long time inside the institution to be able to establish a good communication with FMC’s personnel”, said a top official from FUNSALPRODESE. The situation changed when FMC’s original manager was substituted by the current FMC manager.
- Between January 2001 and assistance termination on May 16, 2002, the interaction between FMC and FUNSALPRODESE was improved thanks to the designation of a new FMC manager. After May 16, 2002 there has been very low interaction between ROCA/TNS personnel and FUNSALPRODESE. “It has been very complicated to find additional support”, said one FUNSALPRODESE representative.
- Total initial working capital given for FUNSALPRODESE was \$ 40,000. On May 16, 2002 they reported to have \$41,730 which shows some progress in terms of financial sustainability.

“Before ROCA/TNS support, FUNSALPRODESE was providing financial support and technical assistance to our clientele without major attention to market demand. Now we have realized how important it is to begin identifying market opportunities to base the promotion and offer of technical and financial assistance to small farmers”, said Jose Dolores Rivas, FUNSALPRODESE’s FMC General Manager.

FESACORA's FMC

- The official contract was signed on January 26, 2000 with expected termination on May 16, 2002. Total amount of the contract was for \$334,345. However, due to FESACORA not fulfillment of agreement conditions, termination date was anticipated to April 30, 2001. The contract signed with ROCA/TNS followed the same pattern presented in Annex 5. A brief description of FESACORA organization is presented in Annex 2.
- In terms of ROCA/TNS heritage, today FESACORA has a marketing technician that is being paid by the institution and continues working with several buyers identified by FMC's FESACORA initial team. Mr.

Rendón pointed out that only recently has ROCA/TNS real impact been evident.

Mr. Mateo Rendón, FESACORA's General Manager considers ROCA/TNS support positive specially in relation to the identification of new market opportunities for coffee, passion flower and horticulture products. At the same time, he was critical of ROCA/TNS initial implementation activities and high operational costs. "Too much time was spent in paper work and data collection. Most of our time was spent providing information requested by the project. In one year of FESACORA relationship with ROCA/TNS probably only five or six months were devoted to field activities directly with small farmers and Cooperatives. Early termination of our agreement with ROCA/TNS was good for FESACORA, given our scarce institutional budget and permanent conflicts. ROCA/TNS changed FMC manager and we did not participate in the selection of his replacement", he said.

CORDES's FMC

- Friendly relationship between ROCA/TNS and CORDES personnel had been previously developed. CORDES was selected by ROCA/TNS to substitute FESACORA's agreement. The CORDES agreement was signed on June 1, 2001.
- A brief description of CORDES is presented in Annex 2 and the contract signed with ROCA/TNS is presented in Annex 5. Total amount of the agreement was for \$284,942.

According to CORDES General Manager ROCA/TNS's project support to CORDES has been very good. "It has helped to bring major attention to marketing strategies within the sustainable rural development approach of the organization", he said. Likewise, he emphasized that FMCs targets are very ambitious and difficult to be accomplished. On the other hand, he pointed out, CORDES satisfaction with UConn training courses and CORDES expectation that ROCA/TNS's FMC concentrate not only in marketing but also in development of AGROLEMPA (Bajo Lempa Farmers Association) and SAMO (Agro-industrial Organic Cashew nut System) business capacity. Furthermore, in his view, FMCs sustainability will depend on its ability to continue current activities and develop support to other CORDES activities such as ethnic cheese and sugar production and marketing. "This will be part of FMCs activities once USAID funds come to an end", he said.

- Development of a good working relationship between AGROLEMPA (Bajo Lempa Farmers Association) producers and FMC personnel was not easy and took several months, in spite of previous excellent relations between CORDES and ROCA/TNS staff. “During the first six months we did not understand very clear the FMCs support and activities”, said Patrocinio Dubón, AGROLEMPA’s President.
- FMC’s major challenge was generating trust among small farmers affiliated to AGROLEMPA. Fortunately, through training, technical and marketing assistance, gradually, this problem was overcome. Current relationship between FMC staff and AGROLEMPA producers seems to be very good, at least with the small farmers visited by the evaluation team. In summary, AGROLEMPA farmers expressed that now they are satisfied with FMC support. USAID has donated a vehicle with refrigerated equipment to AGROLEMPA through the ROCA/TNS Activity. AGROLEMPA has also a Centro de Acopio (temporary warehouse) that was financed by MAG and built at CORDES headquarters.
- Total initial working capital given for CORDES was \$ 45,714. On September 30, 2002 CORDES reported a working capital of \$47,360 which shows some progress in terms of financial sustainability.

USULUTAN II’s FMC

- The official agreement with ROCA/TNS was signed on March 31, 2000 with expected termination on May 16, 2002. Total amount of the agreement was for \$336,727. The contract signed with ROCA/TNS followed the same pattern presented in Annex 5. A brief description of USULUTAN II organization is presented in Annex 2.
- Selection of FMC staff was made in coordination with USULUTAN II Foundation officers. Initially, several business lines were identified, including shrimp, plantain, and green pepper production. Later on (2001), it was decided to include tomatoes, loroco, and cucumber, based on market demand.
- USULUTAN FMC services are highly valued by small shrimp producers. ROCA/TNS team has been very effective, both, in terms of technical and marketing assistance.
- Total initial working capital given for USULUTAN II Foundation was \$ 54,857. By September 30, 2002, such working capital has been increased up to \$ 100,479, amount that shows significant progress towards financial sustainability.

- USULUTAN II Foundation is increasing shrimp cultivated area from 53 to 73 manzanas, with USAID donation of two water pumps through ROCA/TNS.

“ROCA/TNS support has been very good. It has felt as ‘agua de mayo’ (mana from heaven) for us. Before ROCA/TNS we were using natural shrimp larvae and now we are using laboratory produced larvae which are more disease resistant and gain more weight in shorter periods of time. Before ROCA/TNS we did not know the shrimp population that had been plantedNow we know how many larvae are planted and as a result we are able to produce more and sell at a better price, thanks to ROCA/TNS identification of new markets....They also has taught us how to clean the pools after harvest...we did not use chloride, now we use it and have better results...”, said Gaspar Argueta Dominguez, known at the San Hilario community as Checho, a vice president of Nuevo Horizonte Group

- In summary, FMC’s USULUTAN II field experience seems to be most promising with the highest number of success stories of the ROCA/TNS Activity so far.

FUNPROCOOP’s FMC

- The official technical financial agreement was signed on March 31, 2000 between ROCA/TNS and FUNPROCOOP, with expected termination on May 16, 2002. Total amount of the agreement was for \$322,979. The contract signed followed the same pattern presented in Annex 5. A brief description of FUNPROCOOP organization is presented in Annex 2.
- FUNPROCOOP Executive Director expressed his satisfaction with ROCA/TNS activities. In his view, ROCA/TNS helped FUNPROCOOP with training and development of marketing capacity and, today, there are several success stories at the farmer level. However, he criticized ROCA/TNS high targets, and the excessive involvement of ROCA/TNS staff in internal affairs of FUNPROCOOP.
- Total initial working capital given for FUNPROCOOP was \$ 45,714. On May 16, 2002, it reported \$54,845, an amount that shows limited progress in terms of financial sustainability.
- When ROCA/TNS financial supports ended, FUNPROCOOP drastically reduced the FMC team, as explained below.

3.3.2 How is the organizational/financial sustainability of the FMCs within the secondary-level organizations served so far under this project Activity?

Answer: In some 2LOs, the FMC team was considered part of the 2LO structure. This process was facilitated by 2OL involvement in the FMC staff selection.

The typical FMC original team consisted of five technicians: general manager, marketing advisor, financial advisor, production advisor, accounting officer and in some cases a computer specialist. Financial sustainability of an original ROCA/TNS **full team** is not viable. However, sustainability of at least a FMCs partial team has been reached in all 2LOs, which, as stated before, is one of the most important outcomes of ROCA/TNS Activity.

3.3.3 Will these FMCs and organizations be able to continue by themselves once the project Activity ends?

Answer: Yes but with a substantial reduction of ROCA/TNS full staff

3.3.4 Will their lines of business be profitable and their proceeds enough to sustain the units in the long-term?

Answer: It seems that they will not be able to generate enough profits to pay staff salaries and operational costs in a

sustainable basis under ROCA/TNS full staffing level. Furthermore, tending only the USAID approved crops, limits their potential for sustainability.

Specific Findings and Discussion

1. Today, USULUTAN II Foundation has a complete team specialized in shrimp production and marketing. Business operation seems to be going in the right direction. However, FMCs financial situation requires an immediate action plan aimed at reducing operational costs and increasing profits.
2. FUNPROCOOP has substantially reduced FMC personnel after project termination. There is one FMC manager and part time marketing advisor, with one assistant and a secretary. They are waiting for the promised ROCA/TNS used vehicles to up date their services
3. In the case of FUNSALPRODESE it has reduced the FMC personnel to a manager and a marketing advisor. These technicians work directly with field personnel being financed by other sources. They are waiting for the promised ROCA/TNS used vehicles to update their services
4. CORDES has a five person FMC team: manager, marketing advisor, sales manager, financial and production advisors. Thanks to CORDES's integrated approach the institution has been able to maintain low operational costs in this initial stage, but plans are underway to reduce FMC personnel once USAID funds come to an end.
5. Finally, FESACORA has one marketing advisor at the central office. This person works with affiliated Cooperatives.

3.3.5 How have these FMCs and organizations benefited from ROCA/TNS assistance in the areas of productive technology transfer and innovation, marketing services, management and organizational strengthening? What types of technological/marketing innovations has the Activity introduced?

Answer: FMCs and related organizations have benefited in many ways by ROCA/TNS assistance.

Specific Findings and Discussion

1. An important part of the ROCA/TNS project's mission is to provide technical and marketing assistance to ILOs and small farmers.
2. A summary of innovations and technology production practices being introduced by FMCs visited by the evaluation team is presented in Table 6.

Table 6. Examples of agricultural crops and innovations promoted by FMCs.

FMC	ILO	CROP	Innovative Technology promoted by FMCs
FESACORA	San Mauricio Coop.	Organic coffee	Opportune branch pruning practice. Grain toasting, grounding and packaging training.
USULUTAN II	Normandia Coop.	Papaya	New crop introduction (Izalco II variety) Seed selection & plants production training Appropriate agriculture production techniques New crop introduction Appropriate agriculture production techniques
		Loroco flower	Introduction of irrigation & water management method Innovative agriculture production techniques
		Plantain	New crop introduction (Mikey Lee variety) Lab produced larvae introduction Innovative shrimp feeding techniques Appropriate bacterial diseases control
	San Hilario Coop.	Water melon	
		Shrimp	
CORDES	SES Region.	Tomato, green pepper & cucumber	New crops introduction Crops adaptability investigation New hybrids and varieties test. Stallion tomato, Nathalie green pepper, Tropikuke II cucumber. Appropriate agriculture production technology Innovative crop nutrition through fermented organic fertilizers Adequate fungus disease control
	Puerto Nuevo Cantón Pacún Cantón San Carlos Cantón		
FUNSALPRO DESE	Montepeque Community	Papaya	Crop & variety introduction (Izalco II) Exotic varieties testing (Tainun & Chapina) Plants production & selection Appropriate agriculture production techniques Training on irrigated & non irrigated crop production methods Crops introduction Adaptability new crop investigation Hybrids and varieties productivity tests Appropriate agriculture production techniques
		Tomato, green pepper, cucumber & watermelon	
FUNPROCOOP	La Finquita ADESCO	Tomato, green pepper, cucumber & watermelon	New crops introduction Crops adaptability investigation Hybrids and varieties productivity tests Appropriate fungus diseases control Innovative crop nutrition Innovative capsule removing methods
	Las Marías ADESCO	Peanut	

3. Based on market demand ROCA/TNS has identified and promoted new crop alternatives for areas where corn and beans have been traditionally planted.
4. A market specialist, who was in charge of identifying appropriate business lines, is included in the structure of the Farm Management Centers (FMCs). Some examples of ROCA/TNS marketing assistance are presented in Table 7.

Table 7. Examples of ROCA/TNS's marketing assistance

Farm Management Center	First Level Organization	Product	Market Experience
Usulután II	Puerto Flor, Vientos Marinos & San Hilario Cooperatives.	Shrimp,	Three ILOs were selling shrimp production in farm to traditional intermediaries receiving low prices. The activity established commercial contacts with USA brokers and successfully exported frozen shrimps in 3 opportunities
	José Antonio Jovel, individual producer	Tomato, Green Pepper	This producer usually sold his vegetables production to traditional intermediaries receiving low prices. During the Activity intervention he received recommendations to plant market demanded varieties, His production was sold to supermarkets, improving his income.
CORDES	AGROLEMPA	Sesame seed	Some beneficiaries of CORDES microregions are small sesame seed producers. One new buyer was identified in Guatemala and farmers obtained better prices.

3.4 ROCA/TNS-CENTA LINKAGES

What was CENTA's participation under the Activity? Have strong linkages been established between the FMCs and CENTA?

Answer: CENTA could not participate as expected in ROCA/TNS activities. Strong linkages were established in

paper but, in practice, they did not work out due to CENTA's internal administrative crisis.

Specific Findings and Discussion

1. In order to leverage the ROCA/TNS capacity to provide technological and marketing services through its own technical staff and secondary level organizations and to obtain effective synergies, the contractor was required to develop working relationships with CENTA. On March 14, 2000 a Letter of Agreement was signed between ROCA/TNS and CENTA. See Annex 7.
2. Under the terms of this agreement, twelve extension agents initiated work with three of ROCA/TNS FMCs: FUNSALPRODESE, FESACORA and USULUTAN II, four agents in each organization.

3. Unfortunately, CENTA could not keep supplying agricultural technical assistance to the project Activity. This increased the work load and responsibilities of the Technical and Transfer of Technology personnel at the FMCs.
4. CENTA's lack of participation was aggravated by the 2001 earthquakes, which shifted attention priorities within its already limited budget resources. This budgetary limitation was already affecting its contribution to the project as travel and *per diem* expenses of their personnel had to be provided by the local FMCs offices.
5. Expected CENTA interaction with ROCA/TNS was considered a key resource factor in the Activity work plans in the identification of farmer collaborators through its extension service and in its collaboration within the "Programa Nacional de Horticultura" (National Horticultural Program) which did not materialize.
6. An example of CENTA's lack of assistance can be found in the reported information of the California and Los Apoyos locations in USSULUTAN II, where follow-up technical assistance was not provided after organizing solidarity groups for horticultural production. In contrast, a notable exemption was the reported accomplishment in Las Vainillas, in Chalatenango, an organization under FUNPROCOOP, where CENTA personnel was initially effective in providing technical assistance for tomato, pepper and pipian production.
7. CENTA's inability to comply with the agreed collaboration could have affected the potential results obtained in the agricultural production activities, as the more recent advances and recommendation from the research centers were not fully available. Actual crop management recommendations have been mostly based on empirical information obtained from the market outlets on varieties and from available agronomic information and experiences from different sources that include web sources and personal consultation with colleagues and farmers.

3.5 UNIVERSITY OF CONNECTICUT CONTRIBUTIONS

What was the contribution of the University of Connecticut (UConn) as a sub-contractor? Were their findings and studies disseminated to recipients and others, and shared with MAG? Is the SIAAG a functional software being routinely used by TechnoServe and the FMCs? How useful is the PMES software to monitor project performance and assist the FMCs in their decisions and operations?

Answer: Expected Services to be provided by University of Connecticut personnel were defined as part of the Sub-contract signed between TechnoServe and UConn on October 10, 1999. They include:

- Technical assistance for the design of the Farm

Management Center (FMC) model implemented under ROCA/TNS.

- Design of a computerized Integrated Farm Management Information System (SIIAG, for its Spanish title) that includes business, technology and marketing information.
- Undertake comparative analysis of costs and returns for the production of various agricultural commodities under different technologies and alternative agro-ecological conditions.
- Design and conduct training programs in farm management, marketing and agricultural policy throughout the life of the project, in conjunction with the Management Unit (MU). These programs will be delivered initially to the MU and to the staff of the FMCs. Once the FMCs are operational, training will focus on members of the 2OLs and 1Los. UConn will work closely with the MU to develop written materials to be used in the training sessions and to be distributed to farmers and other uses.
- In order to evaluate the impact that changes in farming practices might have on water and soil quality, UConn's Environmental Research Institute (ERI) was to provide services designed to sample and analyze the contamination in water, soil and sediment. These services will allow to effectively quantify the pollutants and to monitor the quality of the affected environment.

Specific Findings and Discussion

1. The UConn has made important contributions to the ROCA/TNS Activity, including development of FMCs conceptual framework and technical assistance to their offices and the Management Unit teams. This contribution included methods to evaluate alternatives for payment of the FMC services by its beneficiaries and identification of information needs in order to design an efficient and practical information system.
2. Developed an Integrated Farm Management Information System (SIIAG). The system has three modules: the technical information system (TIS), the market information system (MIS), and the business and finance information system (FIS). It was initially developed over the Visual Fox platform and installed at the Management Unit computers and the FMC offices. Later on, the system was transferred to the Microsoft Access program. Unfortunately, the SIIAG is not being widely used at the FMC offices level, according to answers provided by their general managers. Major reasons include lack of training, skills required and rotation of personnel that was trained at the beginning of the project.
3. Another UConn contribution has been in training activities. This aspect is discussed in Section **3.7. Training** of this document.

4. UConn has also conducted studies such as the “Non-Point Source Pollution Management Monitoring in El Salvador”, and “Rates of Return to Private Agricultural Extension: Evidence from Two Farm Management Centers in El Salvador”. No effort was made to disseminate such documents due to their high academic level for the targeted audience.
5. Titles of Bulletins and Working Documents developed by Uconn are included in Annex 9.

3.6 ROCA/TNS INTERVENTIONS AFTER 2001 EARTHQUAKES

How did the 2001 earthquakes affect project implementation? Did ROCA/TNS/TechnoServe realigned its interventions to assist small farmers living in affected municipalities? What were the results?

Answer: The recent earthquakes and the drought that affected the agricultural sector had negative consequences in the performance of the FMCs. Farmers’ horticultural production did not reach the planned volume due to the farmers

priority change on their work load to reconstruct shelters and other basic infrastructure, therefore postponing agricultural activities.

Specific Findings and Discussion

1. According to ROCA/TNS semiannual reports, the Activity responded in 86 municipalities to the emergencies and needs resulting from the two (2001) earthquakes that affected El Salvador in 2001. The ROCA/TNS services provided included, but were not limited to, technical assistance to rehabilitate the cultivated land and to rescue crops ready to be harvested. It also aided in the distribution of food, blankets, mattresses, wood and other supplies for home reconstruction.
2. A study from ECLA (Economic Commission for Latin America) about the economic impact of the earthquakes indicates that the total losses of the earthquakes amounted to \$ 1.6 billion, approximately 12% of the Gross National Product (GNP) and equivalent to more than 50% of the total exports for 2000. Table 8 shows that as a result of the earthquakes, in the country as a whole, poverty has increased 3.7%. This approximates the level of poverty registered in 1994.
3. The four departments where poverty increased most significantly due to loss of income as a consequence of the earthquakes are: La Paz (18.3%), San Vicente (16.2%), Cuscatlán (14.3%) and Usulután (10.4%). In the majority of the other departments, the increase in poverty was lower than that of the national average. See Table 8.
4. The National Commission for Micro and Small Business (CONAMYPE) estimated that the earthquakes adversely affected 42,895 such businesses. Of these, more than 19,926 were destroyed and approximately 22, 969 showed only partial damages.

- the percentage of the population affected by the earthquake fluctuates between 18-25% of the country's total population. Due to the very large margin of error, some departments such as La Paz, reported more than 100% of the population harmed.

Table 8 - Earthquakes impact on selected indicators, projections year 2001

	Human Development Index (HDI)		Poverty Level As a percentage of households		Population without access to drinking water (%)		Population without access to health services (%)	
	Before ^{1/}	After	Before	After	Before	After	Before	After
NATIONAL	0.704	0.691	47.5	51.2	34.0	40.56	24.1	36.43
DEPARTMENTS:								
Ahuachapán	0.626	0.618	66.6	67.8	53.9	58.1	36.3	47.2
Cabañas	0.609	0.605	71.9	72.3	47.2	49.3	36.0	43.1
Chalatenango	0.642	0.639	62.5	62.5	30.3	30.3	34.9	39.3
Cuscatlán	0.697	0.657	43.9	58.3	43.1	57.6	18.9	44.1
La Libertad	0.727	0.711	38.5	42.5	30.2	41.5	31.1	44.6
La Paz	0.668	0.598	55.4	73.7	47.1	66.7	23.2	43.9
La Unión	0.628	0.626	57.7	57.8	58.3	59.3	31.5	31.5
Morazán	0.619	0.616	64.7	64.7	55.6	55.6	26.1	26.1
San Miguel	0.689	0.681	50.5	51.6	53.8	57.3	28.9	45.6
San Salvador	0.765	0.761	32.7	33.5	12.9	15.6	16.0	34.2
San Vicente	0.847	0.569	64.9	81.1	38.8	57.8	32.1	52.5
Santa Ana	0.687	0.679	51.5	54.3	39.8	41.3	29.2	36.2
Sonsonate	0.669	0.655	54.6	58.6	39.4	46.2	19.6	33.5
Usulután	0.655	0.617	62.0	72.4	59.8	72.7	21.2	34.1

Source: UNDP, Human Development Index for 2001
1/ Year 1999

3.7 TRAINING

How did the FMCs and their beneficiaries benefit from training activities?

Answer: ROCA/TNS training activities have been very intensive, reaching 2LOs, 1LOs and small farmers.

Specific Findings and Discussion

- ROCA/TNS training activities were initially conducted through UConn assistance at the 2LO. As FMC developed, training at 1LO and beneficiaries became more dependent on ROCA/TNS Management Unit staff and 2LO grant resources. Other external funding for training was provided by TechnoServe and USAID.
- Under the Subcontract between TechnoServe and the University of Connecticut, the latter, along with the Management Unit, was responsible for designing and conducting training programs in farm management, marketing and agricultural policy through the life of the project. However, in practice UConn participation was limited only to four short courses addressed to MU staff and included publication of seven bulletins and 15 reference documents presented in Annex 9. The reference documents and studies were too academically oriented to be useful to the intended clientele at 1LOs and the farmers level. The bulletins, however, were extensively distributed. See Annex 9 for titles of prepared documents.

3. Table 9 summarizes the majority of ROCA/TNS training activities, participants and financial sources. There were 16 activities for the 2LOs and 154 for the 1LOs and farmers, reaching a total of 2,710 direct participants. See Annex 8.

Table 9. Summary of ROCA/TNS's training activities

ORGANIZA- TION	Number	No. Participants	Financed by ROCA/TNS	Financed by TNS	Financed by USAID funds
O2L Activities	16	313	10	4	2
O1L and beneficiaries activities	154	2,397	154		
TOTAL	170	2,710	164	4	2

4. Two of the standard procedures intended to be implemented merit attention. The SIIAG was demonstrated and installed at the five FMCs, but its actual application is questionable as most participants prefer previously installed programs. Likewise, the PMES software that was developed by a local firm was addressed to the central office MU system, but was utilized to an even lesser degree.
5. Technical agricultural production training did not receive CENTA's support. The premise that CENTA was to back-stop this objective did not materialize. Internal management reforms and difficult financial situation was explained for this important component at the 1LO and producers level. An exemption was reported at the CORDES FMC, where CENTA collaborated with some of the fruit related courses through a current IICA/MAG project, and also with laboratory analysis services.
6. Frequent interaction among members of ROCA/TNS's MU at the central level has contributed to MU'S development of critical knowledge and skills. MU central team demonstrated to be well informed of ROCA/TNS field activities across the country. Annex 8 presents the list of training activities that have been implemented so far according to ROCA/TNS semiannual reports.

Have the ROCA/TNS activities interventions and the achievement of the indicator targets contributed to increase the income of the project's Activity's target population? How has the increased income attributed to the ROCA/TNS intervention helped to the betterment of the rural households' standard of living?

standard of living mainly through increasing access of their products to local markets.

3.8 ACTIVITY IMPACT ON SMALL PRODUCERS

Answer: Field site visits show evidence that ROCA/TNS activity has made important contributions to the improvement of small farmers' income and

Specific Findings and Discussion

1. It was expected that ROCA/TNS would afford an opportunity for small, low-income producers to increase their disposable income through enhanced productivity in terms of environmentally sound production technologies and more effective product marketing. Table 10 shows a summary of income increase to small farmers according to ROCA/TNS reports.

Table 10. Income increase to Small Farmers attributed to the Activity
As of September 2002 - US\$

FMC	Up to June 01	Jul-Dec 01	Jan-Jun 02	Jul-Sep 02	Total
CORDES		67,818	167,019	26,916	261,752
FESACORA	2,023				2,023
FUNPROcoop	13,543	18,151	10,440		42,134
FUNSALprod	28,295	6,116	23,849		58,261
USULUTAN	151,685	31,962	33,388	15,562	232,597
Total	195,546	124,047	234,696	42,478	596,766

2. The cumulative increase in small farmers income attributed to the Activity reached \$596,766 in September 2002. This increase in income reflects the impact of productivity, farming of high value crops, and larger profit margins due mainly to an improved marketing strategy and better product quality. The results underestimate the total income increase due to project Activity because it only considers transactions that are carried out through the FMCs. For example, if the project provides a small farmer with support to switch from basic grains to horticulture, or provides technical assistance to increase yields, but the beneficiary decides to sell those goods directly rather than through the FMC, the gains would not be reflected in the FMC's results. Furthermore, after the project ended in FUNSALPRODESE and FUNPROCOOP, the FMCs stopped sending the information to ROCA/TNS, thus the data from July to September 2002 is not included.

There is a large dispersion in the income increase received by small farmers that can be attributed to project activity. While the incomes of some farmers have experienced a substantial or large increase, others have experienced only small gains. For instance, according to ROCA/TNS data, head cabbage and cassava growers had a small increase (\$4 and \$6 each) in their incomes due to project activity. At the other end of the spectrum, a few farmers that cultivated hybrid green pepper (2) and cucumber (5) had a tremendous increase in their income, in the order of \$4,824 and \$1,096 per farmer. Other success stories are small farmers that cultivated loroco flower (58) and pipian (142), experiencing a substantial increase in their incomes, ranging between \$339 and \$360 each.

For loroco and pipian growers, the project Activity in a 5-month crop cycle, increased their average income by approximately 50%. On the other hand, project impact on head cabbage and cassava small farmers is negligible.

One attempt to measure the impact of the project on beneficiary's income is to consider the magnitude of the increase in income with respect to the average income for small farmers in the rural areas. During January-June 2002 the project had 1,682 direct beneficiaries that traded their goods through their FMCs. According to the Dirección General de Estadística y Censo (DIGESTYC), the Multiple Purpose Household Survey shows that small farmers incomes in the rural areas average \$147.30 a month. If it is assumed that a significant increase in small farmers' income is equivalent to an increase in average income equivalent to 10% or more in the average income of small farmers, 69% of beneficiaries fall in this category (1,162). If different parameters are used and assuming that 20% is the minimum that qualifies as a significant increase, the number of farmers is reduced to only 25% (427) and so on as the minimum threshold level is increased

In summary, in order to have a more comprehensive assessment of the impact of the project on small farmers income and the sustainability of the increase, it is necessary to conduct further analysis and research on how much of this broad disparity in income generated could be attributed to the Activity.

Porfirio Medina is a small (1Mz.) farmer who lives in Los Apoyos, Santa Ana and is President of the Cooperative Los Robles. He and 71 members of his Cooperative have been planting corn and peanuts for more than 25 years. Before ROCA/TNS project, activities were initiated in the area of Santa Ana, where Cooperative members sold their peanut crop in a market near-by that was controlled by a few middlemen. Furthermore, the middlemen consistently under-weighted the volume of the product. Since November 2000, the FMC in FUNPROCOOP has been providing technical assistance to increase yields and) quality. However, according to Porfirio the most important contribution has been the support of their efforts to establish a marketing and temporary storage facility in the area.

After the marketing and temporary storage facility began operations, Porfirio and other farmers could immediately see positive results. According to Porfirio, "before, the middleman used to pay us 150 colones (\$17.10) per quintal(100 pounds), now we are getting 275 colones(\$31.40) per quintal" an increase of more than 80%. Furthermore, with the scale provided by the project the farmers' products are accurately weighted. In the past, farmers had a weight lost due to the invisible hand of about 5% (equivalent to \$1.57 per quintal). If you add the better price to the weight factor, the farmer's gross profits have increased by more than 90%," he said.

When peanut farmers from other cooperatives and individual farmers heard about the better overall deal of the marketing and temporary storage facility in Los Apoyos, they began to bring their peanut crops to the center and increase their profits. As a result of the project more competition and fairness has been incorporated in the peanut market in that region; farmers have more options, they can go to the middleman to see how much they pay and how much their product weights or they can go to Los Apoyos for a better deal. More importantly, the farmers' economic situation has improved dramatically. Today, the FMC at FUNPROCOOP continues to support this activity with their own working capital and technical assistance, notwithstanding the fact that support from ROCA/TNS ended in May.

IV. CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

1. Field site visits showed evidence that ROCA/TNS has made important contributions to the improvement of targeted small farmers' income and standard of living through increasing access of their products to local markets, as well as developing 2LOs and 1LOs entrepreneurial capacity.
2. FMCs services partial sustainability has been reached. Despite termination of ROCA/TNS technical and marketing assistance, FUNSALPRODESE, FUNPROCOOP and FESACORA, have continued offering at least some of FMCs services after USAID financing ended. Likewise, CORDES and USULUTAN II are willing and able to sustain a trimmed structure.
3. ROCA/TNS Activity conceptual design as stated in the USAID/RFP was well conceived but in practice some assumptions proved to be unrealistic. For example, the premise that 1LO and members will prefer to market their production through their own 2LO FMCs based on a strong sense of belonging, compromise and loyalty, was questionable.
4. The original number of beneficiaries targets as originally defined in ROCA/TNS activity design was excessive and almost impossible to reach, mainly during the first year of ROCA/TNS activity.
5. ROCA/TNS monitoring and evaluation plan was well implemented keeping a detailed record on the indicators reported to USAID. The documentation behind the indicators was carefully analyzed, and it was found that the data was consistent and methodologically sound.
6. Farm Management Centers services have been useful and valued by the majority of ROCA/TNS direct clientele interviewed during field site visits.
7. Partner's participation in FMCs staff selection process has been a key issue in ROCA/TNS activity implementation.
8. ROCA/TNS activity has made important contributions to promote environmental conservation practices. A total of 1,507 hectares are now covered by organic cropping, 362 hectares with integrated pest management and 552 hectares with soil conservation practices.

9. One of FMC's most recognized service among small farmers visited was product transportation from the farm to the market. During field visits it was possible to corroborate that the majority of ROCA/TNS technicians have been continuously involved in transport of products using FMCs vehicles. From the "Activity" perspective, this situation has created small farmers dependency on ROCA/TNS vehicles and personnel and has affected ROCA/TNS technical performance and operational costs. From a business perspective, it has facilitated farmers access to markets.
10. Credit availability proved to be a limitation for ROCA/TNS implementation at the farmer level. ROCA/TNS effort with FIDECOOP and FUNDACION CAMPO at the earlier stages of the project attempted to fill this gap. This action did not make progress, among other reasons, due to farmers' reluctance to use their land title as guarantee as required by financial institutions.
11. CENTA has not played the expected role within the ROCA/TNS activity, due to institutional problems that have limited its capacity to offer technical assistance to small farmers in a sustainable basis. As result of this situation ROCA/TNS personnel increased their work load pursuing the use of alternative technology information sources to obtain appropriate recommendations for small producers, specially for high value horticulture crops.
12. The University of Connecticut made several contributions to the activity, specially in relation to FMCs initial development and implementation. These include technical studies such as analysis of water pollution, development of Farm Management Information System (SIIAG, in Spanish) software, training activities for ROCA/TNS, CENTA staff and producers and diffusion of documents produced. However, several studies carried out have not been widely diffused apparently due to their highly academic orientation.
13. Training has been a key issue within the ROCA/TNS Activity. On the other hand, massive diffusion of training products and achievements has not been as successful.
14. ROCA/TNS responded in 86 municipalities to the emergency and needs resulting from the two 2001 earthquakes that affected El Salvador. Services provided included, but were not limited to, technical assistance to rehabilitate the cultivated land and to rescue crops ready to be harvested, and aid in distribution of food, blankets, mattresses, and wood for house reconstruction, among other supplies.

RECOMMENDATIONS

1. ROCA/TNS design and implementation experience needs to be capitalized in future USAID projects in El Salvador and other Latin American countries.
2. Under current Salvadoran socioeconomic conditions and based on other Central American countries current experiences in future USAID projects aimed to increase small farmers income and standard of living, it is recommended to use a **market demand chain approach and strengthening small farmers entrepreneurial capacity, parallel to building 2LO business capacity.** Project coordination with other local economic development efforts and careful selection of project personnel is essential in this case.
3. Procure availability of irrigation equipment and corresponding user's training in locations where water is readily available from rivers or wells. This availability could expand small farmers agricultural output by growing crops in the dry season of the year and assure yield and quality of production for internal and external markets. Service mechanism for individual and multiple users can be sought for each situation, including the farmers option to purchase machinery and equipment on credit basis.
4. A mechanism for on-farm validation of technologies, specially for the high value horticultural crops, should be incorporated in projects that promote new or unfamiliar crops for the targeted small farmers communities.
5. Promote private services enterprises at the local level to supply transportation for farm products and supplies, irrigation, pest control, machinery and equipment, among other services.
6. Accelerate USAID deliver of vehicles to 2LOs in order to increase FMCs transportation services to small farmers. Likewise, in future projects, the transportation service should be contracted from a source outside the project and and the staff's involvement. By doing so the beneficiary will be aware from the beginning of the project of the cost of transportation, how to deal with its providers, and coordinate effort with other producers.
7. Include a strategy to support a smooth integration of the FMCs services to existing 2LOs, 1LOs and small farmers traditional activities. The integration is a condition *sine qua non* to guarantee the sustainability of the project as well as to achieve project targets. Without a smooth integration, precious time, effort and resources are not used efficiently.

V. LESSONS LEARNED

Several key lessons have been learned during ROCA/TNS activity implementation. Among them are:

1. In projects oriented to increase small farmers based on a market demand approach it is not convenient to limit existing income generating activities that are carried out by project implementation units. Ultimately, the new project must add to existing income generating activities while promoting new alternatives. The challenge is to take advantage of existing market opportunities and to obtain net family income increase and improvement in standard of living conditions.
2. Changing the mind set of an organization, from a traditional approach to a more business oriented one, and to mobilize small farmers' scarce resources from traditional crops and slash and burn agriculture, to horticulture and other high value type of crops using environmental sound practices is usually a very slow process. At early stages of the project, the number of farmers that accept and use new techniques is very small. To build up a critical mass of beneficiaries and significantly increase their number will take a long time and dedication. Under those circumstances one must be careful not to set overly optimistic targets of beneficiaries at the first year of project implementation.
3. Special attention must be devoted to the analysis of the conceptual framework that will support future USAID projects of similar nature as this Activity. Likewise, project design must deal with a broad range of issues, not just technical and commercial aspects, but also with socio cultural background and institutional setting.
4. Project implementation flexibility and proactive behavior of project staff seem to be key issues for success in market demand oriented projects.
5. To increase the impact of the FMCs in the welfare of small farmers, stimulate synergies and achieve a larger demonstration effect, it is necessary to share such experience with outside organizations and a broad range of audiences.
6. Mid term evaluation activity must receive attention in future USAID projects, in order to introduce necessary changes as required, at the right time.
7. Testing of new agricultural development approaches as pilot experiences is highly desirable. It permits the assimilation of important lessons for future activities, reduces risk and uncertainty, and increases the chances of success while improving the use of scarce resources.

8. In a project that has as a main objective to increase the income of the small farmers, research studies carried out as part of the project need to be more hands-on, with the thrust of the effort oriented to support project activities and beneficiaries and not an academic exercise. Furthermore, the authors need to present their research findings in a readable form for a wider audience.
9. Promotion and diffusion of project activities and achievements and financial support are essential and must be contemplated for such activities.

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Annex 1.

ROCA/TNS Outputs and Indicators

Annex 1. ROCA's Outputs and Indicators

USAID has fixed the project's Activity's results according to the following result frameworks:

Result Framework, Result No. 3: Number of male and female direct beneficiaries receiving services (i.e., management, agricultural technical assistance, bulk input supply, processing or product marketing) from secondary-level organizations.

Target: 13,252 direct beneficiaries will be receiving services from secondary-level organizations. It is expected that 25% (3,255 individuals) of these beneficiaries will be women. This is a three- and a half year indicator. This indicator will measure how access to services by rural inhabitants is being increased.

With regard to this result, USAID expressed its major interest in the quality and sustainability of the organizations rather than their sheer numbers.

Intermediate Result :

Increased coverage of sustainable secondary-level organizations providing technological and marketing services. The indicators and targets within this result are as follows:

- (1) Primary-level organizations and small farmers satisfied with the quality of services: each secondary level organization scores an average of 80% or above on standardized customer satisfaction survey;
- (2) Primary-level organizations and small farmers satisfied with the quantity of services: each secondary level organization scores an average of 80% or above on standardized customer satisfaction survey;
- (3) Percent of sustainability achieved by secondary level organizations: 100% sustainable technical assistance/marketing units of each secondary level organization will be delivering services by the end of the base period. Sustainability, as per contract language, is defined as "an organization's financial /economic/ organizational ability to operate an agricultural technical assistance/marketing unit with 'own' resources over the long term."
- (4) Number of primary organizations (coops, producer groups, communities, etc.) receiving services from secondary level organizations: 150 162 (120 for the three -and a half year period) primary level organizations will be receiving services from secondary level organizations.

Indicators for Base Level Results

Increased affiliation of producers to primary level organizations. The indicators and

targets are as follows:

- (1) Increased number of producers affiliated to cooperatives and producer associations receiving technology and marketing services (data desegregated by gender): 15,000 13,252 (12,000 for the first period) direct beneficiaries will be receiving services (25% female);
- (2) Number of primary level organizations that reach sustainability: no target;
- (3) Dollar value of product marketed by primary level organizations: target to be determined; \$1,444,600.
- (4) Dollar value of product marketed through secondary organizations: target to be determined; \$1,444,600; and
- (5) Increased use of improved agricultural conservation practices: targets are detailed in Table 1.

Table 1. USAID three -and a half year indicators and targets¹

USAID Indicators		Year 3.5 Target
1	No. Of clients receiving services from 2LO through primary level organizations (including 25% women): Total M & F Of which Women are	13,252 3,252
2	% Of primary level organizations & small farmers satisfied with quality of services	80%
3	% Of primary level organizations & small farmers satisfied with quantity of services	80%
4	% Of sustainability achieved by 2LO	100%
5	No. Of primary level organization affiliated to and receiving services from 2LO	162
6	No. Of producers affiliated and receiving services from primary level organizations (including 25% women): Total M & F. Of which Women are:	13,252 3,252
7	% Of sustainability achieved by primary level organizations	30.0%
8	\$ Value of products marketed by primary level organizations	1,444,600
9	\$ Value of products marketed through 2LO	1,444,600
10	Area in hectares covered by soil conservation practices	572
11	Area in hectares covered by organic cropping	1,502
12	Area in hectares covered by integrated pest management	361
13	No. Of farm units utilizing improved agricultural and/or conservation practices	140

¹Note: The USAID-ROCA's Contract established targets only for the first six indicators, leaving the remaining to be determined (TBD) during the implementation period. Targets for indicators 7 through 13 were tacitly accepted by USAID by the end of the first and a half year of execution. Indicator 13 was added about one semester after the start up of the project Activity.

Annex 2.

Second Level Organizations Profile

Annex 2. Second Level Organizations Profile

CORDES FOUNDATION (Fundación para la Cooperación y Desarrollo Comunal de El Salvador.)

1. Background

It is a non-government organization founded in 1988, established to promote economical and socially self-induced development and self-sustainability in five rural regions (rural communities) of El Salvador; where poverty and destruction resulting from the civil war, where most significant. Its membership is made of displaced and demobilized persons. Initial funding originated from European and Canadian organizations. After the Peace agreements in 1992, international cooperation was increased.

Local counterparts that work with CORDES are: Sistema Económico Social “SES”, Microregión Económica Social “MES”, Iniciativa para el Desarrollo Económico Social “IDES”, Asociación de Mujeres Rurales “ASMUR”, Movimiento Juvenil “JCP”, among others.

Headquarters: Cantón El Playón, San Vicente. Tel/Fax: 883 4825

2. Principal Activities

Development axes: *Organic Agriculture, Irrigated Vegetables with moderate use of chemical products, Livestock and minor species(??), Agroindustries, Service companies, Aquaculture, Fisheries, Eco-turism, Natural Resources and Wild Life.*

The Foundation manages five work programs: Livestock Program, Finance Program, Marketing and Entrepreneurial Development Program, Emergency Program and Institutional Strengthening Program.

CORDES has supported the development of the following new agro-industrial enterprises:

- *Servicios Financieros:* Cooperativa de Ahorro y Crédito “EL ROBLE”.
- *Servicios de Maquinaria, Transporte Y Talleres:* “MAQUILISHUAT”.
- *Servicios de comercialización de hortalizas:* “AGROLEMPA”.
- *Servicios de Asistencia Técnica Agropecuaria.*
Agroservicio: “SAN CARLOS LEMPA”.
- *Agroindustrias:* Sistema Agroindustrial del Marañón Orgánico “SAMO” y del Azúcar Orgánico “SAAO”.
- *Planta Procesadora de Productos Lácteos Orgánicos (en fase de establecimiento).*
- *Centro de Reproducción de Entomófagos y Entomopatógenos “CREE”, para el Control Biológico de Plagas (en fase de establecimiento).*
- *Clínica de salud visual popular:* ÓPTICOS X MUNDO.

3. Basic Components of CORDES

Membership	
Communities	49
Micro Regions	3
Families	2.876
Members	11,226
Area attended (mz)	15,000
Geographic area	San Vicente La Paz

FUNSALPRODESE. -FUNDACIÓN SALVADOREÑA PARA LA PROMOCION SOCIAL Y EL DESARROLLO ECONOMICO-

1.- Background

The FUNSALPRODESE concept originates as a response to the earthquake of 1986 with 33 members, obtaining its legal status in 1992. The Foundation represents grass roots organizations of women, workers unions from the public, private, teachers and small farmers sectors and communities. It is non profit organization self-governed with a mandate oriented towards Localized Human Sustainable Development by means of the promotion of social agreement as a basic principle for the construction of a social, democratic, just and participating system. Under this purpose, it relates to organizations of social concerns (MOVIMIENTOS), and national and international NGOs.

The Foundation receives assistance from European countries individually, and from the European Union, Canada, and church and international donor agencies that include USAID.

Headquarters: San Salvador 27 CP, 17AN # 1434, Colonia Layco Tel: 2252722 Fax: 2257770

2. Principal Activities

FUNSALPRODESE promotes economic development alternatives that include:

- Agriculture and Livestock activities
- Urban Micro enterprises
- Micro-credit organizations
- Community organizations and education
- Infrastructure (Rural homes)
- Health
- Alternative Medicine
- Basic environmental Health
- Drinkable Water

3. Basic components

Membership	
Cooperatives	99
Families	
Members	23,249, 12,059 women
Area attended (mz)	990
Geographic area	San Miguel, Usulután, Sonsonate, La Libertad y Usulután

USULUTAN II FOUNDATION

1.- Background

The Foundation was established as a non-profit, non-political, non-religious entity on 16 October 1998 and officially registered on March 1, 1999.

The mission defined by the NGO is to become the representative organization of the Usulután demobilized growers from the civil war to provide an appropriate credit and technical assistance to improve productivity and marketing in their economic units, in harmony with environment and gender equality

Headquarters: Centro de Gobierno, Usulután, Tel: 6620839

2. Principal Activities

Financial services to cooperatives and small producers

Aquaculture

Emergency programs

Institutional strengthening programs

3. Basic components

Membership	
Cooperatives	82
Members	3,634 1,261 women
Area attended (mz)	
Geographic area	Usulután

FESACORA. FEDERACIÓN SALVADOREÑA DE LA REFORMA AGRARIA

1. Background

FESACORA is a Federation of Cooperatives officially registered in 1982. Currently represents 180 cooperatives that account for 23% and 32 %, respectively of coffee and sugar cane produced in El Salvador. It holds considerable political influence in farmers and land issues discussion levels.

The Foundation participated in the original group of 201 organizations selected for the ROCA project until April, 2001, when it was mutually agreed to be discontinued.

Headquarters: 59 Av. Nte. y 1a. Calle Poniente #226, Colonia Escalón, San Salvador
Tel: 2231083, 2612970 Te/Fax: 2612987 e-mail: fsc@sal.gbm.net

2. Principal Activities

The Cooperatives under FESACORA are involved in the production of Coffee (both Organic and traditional), Sugar Cane, Plantain, Maracuyá, Horticulture crops and Sesame. Gender Equality Promotion Program, Reforestation Program, Environment Conservation, Cooperative Strengthening.

3. Basic components

Membership	
Cooperatives	180; 120 active
Families	
Members	23,721; 18% women
Area attended (mz)	
Geographic Area	Auchapan, Sonsonate La Libertad San Salvador Chalatenango La Paz San Vicente Cabañas Usulután San Miguel La Unión

FUNPROCOOP FUNDACIÓN PARA LA PROMOCION DE COOPERATIVAS

1. Background

One of the oldest farmers supporting foundation, FUNPROCOOP was founded in 1967 as an initiative of the Catholic Church.

Its area of oinfluence covers seven Departments where it collaborates with othr international and national organizations, such as Programa Regional Coordinado de Educación Popular (ALFORJA), Consejo de Educacion de Adultos de América Latina (CEAAL), Red Centroamericana de Agencias de Desarrollo Local (ADELS) and Coordinadora de Agricultura Sosteniblede El Salvador (COAGRES).

Headquarters: 12 CP # 2422, Colonia Flor Blanca, San Salvador. Tel/Fax: 2242590

2. Principal Activities

The Foundation is actively involved in the following activities: Promotion of productive and community organizations; Training of farmers and community leaders; Research and Transfer of Technology; And the formation of structures leading to the improvement of marketing of inputs and products and promotion of agribusiness.

3. Basic components

Membership	
Cooperatives	38
Families	
Members	1,668, 462 women
Area attended (mz)	550
GeographicArea	Chalatenango Cuscatlán San Vicente Santa Ana

Annex 3.

Specific TOR questions

Annex 3. Specific TOR questions

1. How is the organizational/financial sustainability of the FMCs within the secondary-level organizations served so far under this project Activity?
2. What type of services are these FMCs and organizations delivering to their clientele? Are they valued by the clientele? Are the clients satisfied with the quality and quantity of services?
3. How have these FMCs and organizations benefited from ROCA assistance in the areas of productive technology transfer and innovation, marketing services, management and organizational strengthening? What types of technological/marketing innovations has the Activity introduced?
4. Will these FMCs and organizations be able to continue by themselves once the project Activity ends? Will their lines of business be profitable and their proceeds enough to sustain the units in the long-term?
4. Have all the indicator targets been satisfactorily achieved, duly documented, and, if one or more have not, what are the reasons for the less-than-expected accomplishment? The evaluators must perform a data quality assessment on all achievements on USAID indicators, reported by Technoserve.
5. Was the Activity design based on realistic assumptions and correct assessment of the economic and social environment? Was the model of targeting secondary-level organizations the best option to extend technical-marketing services on a sustainable basis?
6. Have the ROCA activities interventions and the achievement of the indicator targets contributed to increase the income of the project's Activity's target population?
7. How Have the increased income attributed to the ROCA intervention is helping helped to the betterment of the rural household's standard of living?
8. What was the contribution of the University of Connecticut as a sub-contractor? Were their findings and studies disseminated to recipients and others, and shared with MAG? Is the SIAAG a functional software being routinely used by TechnoServe and the FMCs?
9. What was CENTA's participation under the Activity? Have strong linkages been established between the FMCs and CENTA?
10. How useful is the PMEs software to monitor project performance and assist the FMCs in their decisions and operations?

11. How did the FMCs and their beneficiaries benefited from training activities? Please include all training events carried out under the Activity as well as the number of participants.

12. How did the 2001 earthquakes affect project implementation? Did ROCA/ TechnoServe realigned its interventions to assist small farmers living in affected municipalities? What were the results?

13. What lessons (positive or negative) can be learned from this Activity that can help with future program design for both, TechnoServe and USAID?

Annex 4.

Persons Interviewed

Annex 4. Persons Interviewed

William M. Patterson, Water and Environmental USAID Office Director
Rafael Eduardo Cuellar, Water and Environmental USAID Projects Manager
Carlos Mario García, CENTA
Eduardo Huidobro, Jefe Unidad Agronegocios del MAG
Roberto A. Vega Lara, TechnoServe/ El Salvador Program Director
Hugo Ramos, ROCA Project Director
Manuel Edgardo Avila, AGROLEMPA General Manager
Vicente Carranza Alfaro, APRAINORES Manager
Juan Francisco Hernández, ROCA's Business Advisor
Mateo Rendón, FESACORA General Manager
Daniel Moreira, FESACORA's President
Remberto Vásquez, USULUTAN II Foundation's President
Margarita Rosa Amaya, USULUTAN II Foundation's Secretary
Carlos Parada, USULUTAN II Foundation's Treasurer
Francisco Gaviria, USULUTAN II's FMC's Manager
Mauricio Martinez, USULUTAN II's FMC's Production Specialist
Miguel A. López, USULUTAN II's FMC's Business Advisor
Américo Araujo, FUNSALPRODESE's Executive Director
José Dolores Rivas, FUNSALPRODESE's FMC's Manager
Dimas Andrés Vanegas, FUNPROCOOP's Executive Director
Alfredo Corletto, FUNPROCOOP's Administrator
Mauricio Vanegas, FUNPROCOOP's Regional Manager
Elmer López, FUNPROCOOP's FMCs Manager
Miguel Fuentes, CORDES's Operations Manager
Fernando Ardón, CORDES's FMCs Manager
Enrique Bermúdez, CORDES's Marketing Specialist
Oscar Barrera, CORDES's Sales Manager
Luis Erazo, CORDES's Production Specialist
Pedro Enrique Enriquez, FUNSALPRODESE's Production farmer and technician

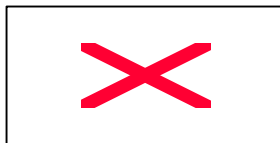
SMALL RURAL PRODUCERS

Gaspar Argueta Domínguez, shrimp producer, Group 1, Nuevo Horizonte
Maximiliano Amaya, shrimp producer, President of Group 1, Nuevo Horizonte
Marina Rivera, shrimp producer, Secretary Group 3, Brisas Marinas
Jacobo Rivera, shrimp producer, Group 1
Agustín Cruz, shrimp producer, Group 1
Jorge Esteban Rodríguez, shrimp producer, Group 1
Martín Romero, shrimp producer, Secretary of Group 1
José Avelino Díaz, shrimp producer, President of Sendero de Paz Group 2
José Inés Romero, shrimp producer, President of Group 3
Manuel de Jesús Enríquez, organic cashew producer, SAMO
Jesús Portillo, organic cashew producer, SAMO
Jose Antonio Navarro, organic coffee producer, President of San Mauricio Cooperative

Marco Tulio García, organic coffee producer
Patrocinio Dubón, vegetables producer, AGROLEMPA's President
Santiago Gutiérrez, vegetables producer, AGROLEMPA's Secretary
Leonel Gómez, Presidente Cooperativa Normandía, USULUTAN
Simón Pérez, tomatoes and cucumber producer, La Finquita
Salvador Miguel, tomatoes and cucumber producer, La Finquita
Lorenzo Arriola, tomatoes and cucumber producer, La Finquita
Vicente Rivas, tomatoes and cucumber producer, La Finquita
Mario Barrientos, tomatoes and cucumber producer, La Finquita
Porfirio Medina, peanut producer, Las Marías
Orlando Antonio Alvarenga, papaya producer Suchitoto community
Santos Rufino Amaya, papaya producer, Suchitoto community

Annex 5.
Example of Agreement between
ROCA/TNS's FMC and 2LO

Annex 5. Example of Agreement between ROCA/TNS's FMC and 2LO



ROCA – USAID

Organizaciones Rurales y Conservación del Medio Ambiente

Ave. Las Baganvillas No. 14, Col. San Francisco, San Salvador. Tel (503) 240 0151/4. E-mail: roca@ejje.com

TECHNICAL-FINANCIAL ASSISTANCE AGREEMENT BETWEEN TECHNOSERVE AND CORDES

PART II. TERMS OF THE AGREEMENT

A. PARTICIPANTS

The present Technical-Financial Assistance Agreement is enclosed within the Contract No. 519-C-99-90064-00 between USAID/El Salvador and TechnoServe, Inc. which has the purpose of implementing the Rural Organizations and Environmental Conservation Activity Project (ROCA).

B. BUDGET

Total amount of the TNS-ROCA Project funding: \$ 210,247.00

LINE ITEMS	ROCA	CORDES	TOTAL
Salaries and benefits	98,868	50,400	149,268
Investments	49,590	9,595	59,185
Training	2,200		2,200
Working Capital	45,714		45,714
Publications	1,000		1,000
Software	3,875		3,875
Operating Expenses	9,000	14,700	23,700
TOTAL	210,247	74,695	284,942

See Illustrative Budget in Annex 1.

C. PURPOSE AND OBJECTIVE OF THE AGREEMENT

The purpose of this Agreement is to provide technical and financial assistance to

CORDES, as a secondary level organization, to: (1) strengthen and improve the quality of technical, marketing, and administrative services that it offers to its affiliated associations, cooperatives and communities, and to make environmentally friendly agricultural technologies available; and (2) to make the provision of these services self-financed and sustained through time.

The strategy designed to reach this purpose consists of the organization and start up of operations within CORDES of a business unit that will be identified as Farm Management Center –FMC.

The main objectives of this Agreement are the following:

- Promote and introduce environmentally friendly technologies (for example organic cropping, integrated pest management, soil conservation practices, and others) for the production and processing of the crops to be selected, with emphasis in the management and protection of water resources.
- Strengthen the technical assistance services for the production of determined crops, the marketing services of those products, including adding value activities, and administration and finance services that the organization is offering to its affiliated organizations and its individual members or, in their absence, create the capacity to offer these services within the organization, through the development of the FMC.
- Identify business lines around the products that the local, regional or foreign markets demand and/or around opportunities for business in the processing of products.
- Link the production of selected products as business lines with the demand of local, established agro-industries through commercial linkages and contracts duly availed by the existent legislation, as for example through the services and operation mechanisms that the Salvadoran Commodity Exchange (BOLPROES) offers.
- Promote the export of some of the selected products as business lines, assuring the market share stability and its expansion in foreign markets, based on competitive, sustainable advantages, clearly identified.
- Induce, through technological innovation services, the improvement of profitability of basic, traditional crops, via increasing productivity, more efficient management of the farm resources, and costs reduction practices.
- Increase the availability and accessibility of environmentally sound agricultural practices for members of the first level organizations.

D. EFFECTIVE PERIOD AND CONDITIONS OF THE AGREEMENT

The effective date of this Agreement is June 1, 2001. The estimated completion date is May 16, 2002.

E. CONSTITUTIVE DOCUMENTS OF THIS AGREEMENT

The following documents are part of this Agreement:

1. The USAID Standard Provisions for Non-US Non-Governmental Recipients (Annex 2).
2. The standard provisions of TNS (Annex 3).

F. CONCEPTUAL FRAMEWORK AND SCOPE OF WORK

The ROCA Project

The ROCA Project is an effort to support private institutions, specifically secondary level organizations, to improve their provision of technical, marketing, and administrative services to their affiliated first level organizations and to their individual members. The consortium TechnoServe-University of Connecticut (TNS-UConn) proposes to implement the Farm Management Center (FMC) model as an efficient way to adequately provide services such as business administration, technology transfer, finances, inputs supply and marketing to low income producers.

The Farm Management Center (FMC) is a business unit created within the partner organization to provide technical assistance, economic advising, market information, assistance to obtain credits, legal and institutional services, among other services to the members and producers of the primary organizations. Likewise, it promotes the cooperation between farmers and their organizations to take advantage of their economies of scale and scope related with their production and marketing functions. Besides, the FMC is the ideal mechanism to facilitate the development of risk sharing enterprises, through the provision of technical procedures and entrepreneurial services.

F. 2. Objectives of the FMC

The fundamental objective of the FMC is to improve the competitiveness of low income farmers by promoting and facilitating their progressive integration to markets. The specific objectives are:

- Promote the managerial capacity of low income farmers and their organizations so that they can make better business decisions and increase their income;
- Provide technical assistance to increase the productivity and so lower production costs and increase the profitability of agricultural activities, promoting at the same time the increased use of environmentally sound agricultural technologies;
- Promote the adoption of technologies to increase profitability and, at the same time, to improve the quality of the natural environment;

-
- Improve the technical, marketing, financial and economic services integrated within the management of the agricultural enterprises, with which the agricultural organizations, the extension agents and the producers can take timely and proper decisions;
 - Facilitate the creation and strengthening of agricultural organizations;
 - Develop an integrated system for data management, consisting of agricultural registries, business, technological and marketing data. This information system will serve at least three purposes: (1) help producers and their organizations in their decision taking process; (2) feed wider national information systems with local and regional data; and, 3) provide the political decision takers with timely agricultural information that could be used to formulate such policies.

F. 3. Organizational Structure of the FMC

An FMC will be created within CORDES. The FMC will be a business unit within the organization and, administratively, it will be part of its structure. The FMC will have a flexible organizational structure and a reduced but efficient staff. The preliminary organizational structure of the FMC will be the following:

1. Board of Directors
2. Manager
3. Administrative Office
4. Four Service Departments
 - business management
 - innovation and technology transfer
 - marketing
 - information system and other services (for example, legal and institutional services)
5. Extension Agents

The description of each component of this organizational structure as well as of the profiles of each position are found in Annex 4.

F. 4. Strategy of the FMC: Business Lines

The FMC will initiate operations identifying no more than five business lines that promise to be profitable and sustainable in time. For purposes of this Technical-Financial Agreement, a business line will be understood as the set of activities and services that are developed with respect to a particular product (for example, peanuts or coconut) or category of products (horticulture, for example) for which the FMC should perceive some kind of income, either through fees, commissions (percentage over sales), fixed discounts per unit sold, or regular contributions agreed upon with the clients.

The selection of a product as a business line will be made based on an analysis as complete as possible of all its value chain, from the provision of inputs and factors of production, going through the processing, up to its distribution in the market, whether it may be local, regional or international.

This selection will respond to the following minimum criteria:

- Increasing demand in the national and/or international market, identifying the term (short, mid and long) in which that demand can be satisfied;
- Prices and volumes that assure a reasonable and sustainable profitability;
- Trends and perspectives of demand, prices and competitors;
- Relatively stable competitive position based on an analysis of possibilities of increasing productivity, of opportunities to add value and of the participation of the entrepreneurial private sector;
- Business opportunities in new markets or in existing market opportunities.

This analysis will allow the identification of the phases in the value chain in which there exist profitable opportunities to add value. It is possible that there be opportunities to increase income for producers in the production phase improving the profitability of the crops via increasing productivity and/or reducing costs. Also, it is possible that activities be identified in the post-harvest stage and/or the processing phase of a product or category of products, which allow the capture of greater incomes than the cost to carry them out. Likewise, it is possible that new marketing niches and markets in general are discovered and exploited, whether they are local and/or international, and agreements on forward contracts, future contracts, options and other contractual negotiation forms might become possible to assure a reasonable profit with a significant reduction of risks.

G. RESPONSIBILITIES OF CORDES – FMC

G. 1. Responsibilities with TNS – ROCA Project.

The following are the minimum responsibilities of CORDES - FMC:

- Facilitate the implementation of the FMC under the guidelines recommended by TNS-Uconn through the Project's Management Unit. This responsibility includes the approval of the participation of the secondary tier organization in the ROCA Project by its Board of Directors, previous consultation with the General Assembly, and registration of such approval in the minutes.
- Approve the commitment to co-finance the start up and operations of the FMC, whether in cash or in kind, including the provision of a proper place for the FMC,

and the financing of the budgetary line items agreed upon, as it is shown in the budget presented as Annex 1.

- Provide all the information that TNS-ROCA Project requires with respect to the operations of the FMC, in the forms designed for that purpose, and allow the access to the financial and technical registries by the technical staff of the Project's Management Unit during the period of performance of this Agreement.
- Cooperate with the assessments and audits that should be realized within the period of performance of this Agreement.
- By the spirit of the USAID-TNS Contract, CORDES – FMC has the responsibility to cooperate with the Project's Management Unit in the negotiation of a synergic participation of CENTA in the activities of the FMC, as well as of other entities providing technical assistance in the work areas of the FMC.
- Follow the procedures established by TNS for purchases and procurement of equipment, including vehicles if needed, and for their use and maintenance. The TNS corresponding handbooks and manuals will be observed and applied under this Agreement.

G. 2. Responsibilities with its Affiliates and Members.

In general, CORDES - FMC has the responsibility to provide at least the technological innovation, marketing, management and financial, and information services to its affiliated organizations and to its individual members involved in the identified business lines. The FMC in the fulfillment of this responsibility will receive technical and financial assistance from TNS - ROCA Project.

More specifically, the responsibilities are:

- In relation to the identified lines of businesses (products), CORDES - FMC has the responsibility to provide technical assistance services in the phase of production, post harvest handling and general processing of these products. CORDES - FMC, in coordination with TNS - ROCA Project, will seek the support of the extension agents from CENTA, or from another non-governmental organization that offers this type of assistance.
- Likewise, it has the responsibility to provide marketing services, especially in the aspect of establishing market alliances between the production and the consumption (or industrialization) of the selected products. Corresponding actions include the search of marketing niches and new markets for the products, the formalization of buy-sell contracts (spot, forward, futures and options contracts), the dissemination of relevant market and price information, the coordination of market research studies, and the development of new products.

-
- In regard to the financial and administrative services, CORDES - FMC has the responsibility to design and apply an accounting system and an efficient registry and financial control system, as well as to formulate a financial policy to define the FMC capitalization procedures, the accumulation of reserves, and dividends payment. Also, it has the responsibility to formulate or to adequate the financial and administrative manuals that allow the efficient functioning of the FMC, and to formulate an integral entrepreneurial policy that could be inscribed within a **Strategic Plan**.
 - Since it is expected that the FMC will be self-financed and sustainable starting its third year of operation, the CORDES - FMC has the responsibility to design and apply one or several financing mechanisms (such as fees for services) since the beginning of operations. The use of the generated income will be subject to the capitalization policy that will be agreed upon by the CORDES - FMC.
 - Within the general framework of the services described, the corresponding actions and activities to each business line will be identified and specified in detail in the **Business Plan** that the CORDES - FMC should prepare within 60 days counting from the date of the signature of this Technical-Financial Agreement, with the technical assistance of TNS – ROCA Project.
 - In addition to these responsibilities and activities, the CORDES - FMC has the responsibility to take care of the goods, equipment and investments financed by TNS – ROCA Project, which will be furnished under a lending figure, until they are disposed of in the way that is established in the Termination and Closure Procedure Section. The CORDES - FMC is responsible to use the resources (staff, equipment, goods, investments) provided by TNS – ROCA Project exclusively in activities related with the FMC operation, that is to say, with the business lines identified and specified in the Business Plan that will be prepared.

H. RESPONSIBILITIES OF TNS – ROCA PROJECT

In general, the responsibility of TNS – ROCA Project is to assure that the business lines with which the FMC operates, offer an adequate and sustainable profit through time such that the FMC operates as a profitable enterprise and be completely self-financed from its third year of operations through, at least, the next five years.

Specifically, the responsibilities of the TNS – ROCA Project are the following:

- Provide technical assistance to CORDES - FMC in the areas of: (1) innovation and technology transfer, promoting the diversification of crops towards high value products and those that profitable adding value opportunities; (2) marketing, essentially promoting the link between production and the rest of the processing stages of the value chain, specially through buy-sell contracts in all commercial ways recognized and accepted (forward, futures, options contracts and others) and new markets or market opportunities already established for the identified lines or

categories of products; (3) management and finance, to warrant an efficient and transparent managing of the businesses; and (4) technical, market and price information, to follow up and evaluate the progress of the Project and keep the FMC as a dynamic and constant learning organization. This technical assistant will be provided in coordination with some professionals from the University of Connecticut.

- Strengthen the institutional development of the organization thus contributing to improve the standard of living of its members by means of increasing their incomes.
- Develop training events in the fields of production, marketing, administration and finance, and information systems directed to the executives and leaders of the organization, as well as the managers of the cooperatives and affiliated associations.
- Finance the constitution and operating expenses of the FMC in the agreed upon line items, as it is registered in the attached budget, for two years, in such proportion as to make this contribution not to exceed 75 percent of the total budget.
- Manage and supervise the procurement process for the provision of equipment and vehicles, if needed.

I. EXPECTED OUTCOMES

The following are the expected outcomes to be achieved with the activities carried out through the CORDES – FMC:

- Increased incomes received by the producers. The improvements introduced in the agricultural practices and marketing system should result in increments on the profitability of the FMC activities as a consequence of increase in the productivity or reduction of costs, and/or increase in the incomes through larger participation of the producers in the value of the products sold.
- Capitalization of the FMC. Inasmuch as the producers receive more income as a concrete benefit of the services that the FMC offers, they will have the willingness and the capacity to pay for these services. The income that the FMC receives will serve to cover, in the medium term, the operations expenses required, the needs established amount of reserves, and some increase of the FMC capital. Additionally, the FMC will be in the capacity to apply policies for the payment of dividends that would stimulate the participation of private enterprises and private investors.
- Institutional strengthening of CORDES. The good performance of the FMC will contribute to consolidate the organization since it is envisioned as the most adequate means to achieve growing objectives and economic development for the members and to strengthen the degree of partnership.

-
- Increased number of small farmers and primary level organizations receiving technological and marketing services.
 - Increased land use with improved agricultural practices to enhance environmental management.
 - Lower rate of contamination of water and soil through expanded use of environmentally sound agricultural practices.

J. BUDGET, FINANCIAL RESPONSABILITIES AND PAYMENT MECHANISMS

J. 1. Estimated Budget

Based on the preliminary list of business lines described in Annex 1, the organization and operations of the FMC require the following budgetary categories:

1. Staff

According to Annex 4, the minimal staff required consists of one manager, four technicians, one accountant and one administrative assistant-secretary. The established salaries for each position should consider two essential criteria: (1) they should not distort the established salary range of CORDES but neither be so low that it will not permit to hire well trained professional and with broad experience; (2) they should be kept by CORDES - FMC even without the financial support of TNS – ROCA Project. This line item includes the legal benefits for the staff.

2. Investments in fixed assets

The FMC will be furnished with furniture, equipment and indispensable means of work, including computers and printers, fax and telephones with access to internet, and working vehicles. Equipment and vehicles will be procured directly by TNS-ROCA Project with funds assigned to this Agreement.

3. Training

Within this category, resources to finance the realization of training events are included. Examples of these events are: workshop, dissemination seminars, field trips, visits to other projects, private enterprises, commercial agents and investors with whom the FMC is able to establish commercial liaisons.

4. Working Capital

This category of expenses includes those that require the provisions of certain marketing services. Some examples of the type of expenses included in this line item are: payment of the transportation services of the products from farms to the assembly centers managed

by the FMC; payment of brokerage services in the Commodity Exchange in cases where contracted negotiations availed by this institution take place. These expenses will be considered advance payments that will be recovered once the transactions are completed.

5. Publications

This category allows to include expenses due to the publication of informative brochures, training material, studies, reports and other documents that are considered important for the training of the staff and for the clients of CORDES – FMC (marking requirements in USAID Standard Provisions will be observed).

6. Software and licenses

This category includes costs for software and licenses required for operation of the computer equipment.

7. Operational expenses

This category includes all those expenses that are recurrent and related to the FMC operation, such as energy and water consumption, communications, office supplies, fuel and other unexpected expenses.

The estimated budget for the first two years of operations is specified in detail in Annex 1, pointing out the participation of TNS - ROCA Project and the counterpart paid by CORDES - FMC.

J. 2. Financing Responsibilities

In general, TNS - ROCA Project will be responsible for the financing of most of the expenses of line items 1 to 6 of the budget during the first year, and of a lower percentage during the second year. All the operational expenses will be covered by CORDES - FMC. Particularly, it is the responsibility of CORDES - FMC to assume the financing of some of the line items 1 to 6 of the budget and/or of the FMC staff as the FMC perceives a stable and sustainable income flow. Annex 1 specifies in detail, in a preliminary way, the financial contributions of the participants, TNS-ROCA Project and CORDES - FMC.

J. 3. Disbursement Procedure

1. TNS – ROCA Project

The procedure to be followed in order to finance the budget line item expenses agreed upon is the following:

- CORDES - FMC will submit to the TNS – ROCA Project, in a monthly basis, a “Fund Requisition ” in which payments that should be made are specified in detail, including the staff payroll. TNS-ROCA Project will disallow from the requisition

those expenses that 1) are not eligible under this Agreement; 2) are not attributed to the TNS – ROCA Project participation; and 3) have not followed the established procedures as written in the manuals or handbooks that will be prepared and approved within the following 60 days counting from the date of the signature of this Technical-Financial Agreement.

- TNS-ROCA Project will transfer the requested funds to CORDES - FMC within 15 days.
- Once payments are made according to the approved solicitation, CORDES - FMC will send the definitive invoices, in original, to TNS-ROCA Project as liquidation.
- If within the first five days of each month TNS-ROCA Project does not receive the invoices duly certified, the corresponding value of those payments that are not supported by the invoices will be discounted from the requisition of funds of the following month, having CORDES - FMC the responsibility to make the corresponding payments.
- Since the monthly budget will correspond to an explicit activity plan and, therefore, to the fulfillment of pre-determined goals and milestones agreed upon by the parties, TNS-ROCA Project has the right to stop the disbursement of funds, if it verifies that the planned goals have not been reached due to negligence or deficiencies in the entrepreneurial procedures of the FMC.
- Likewise, TNS-ROCA Project has the right to stop any disbursement due to deficiencies in the fulfillment of reports, information and other obligations related to the necessary information to complete the monitoring and evaluation activities of the Project.

CORDES - FMC should open an interest bearing bank account solely for the purpose of managing ROCA funding under this Agreement. Disbursements will be made directly to this account. Under no circumstances should ROCA funds be mixed with other funding. With the exception of ¢2,200 (approximately US\$250) per year which the Recipient may retain for administrative costs, all interest generated by the ROCA account shall be returned to TNS-ROCA Project for the subsequent reimbursement to USAID/El Salvador.

Within the next 60 days after the signature of this Agreement, the CORDES - FMC, with the technical assistance of the Management Unit of the Project, will prepare the manuals and handbooks for the management of the funds, which shall be in complete accordance with the attached USAID Standard Provision. Once they are approved by CORDES – FMC and TNS-ROCA Project, those manuals and handbooks will be part of this Agreement.

2. CORDES – FMC

CORDES - FMC will finance the operational expenses of the FMC within the agreed line items, as stated in the budget attached to this Agreement. The amount financed in cash as well as the estimated value for the rent of the installations for the FMC office and of the furniture and equipment that will be provided by the organization, will be added up and be classified as part of the counterpart contribution by the recipient.

To finance the budget line items assigned to the CORDES – FMC, this organization should formulate a policy and strategy for collecting service fees and commissions, check-off amounts over the value of sales, and/or pre-determined contributions from the clients, as a way to increase funds and capitalization. In this duty, it will count with technical assistance from the University of Connecticut through the Management Unit of the Project.

The document containing the fundraising policy of the CORDES - FMC should be prepared within 90 days starting from the date of the signature of this Agreement and will be part of it. The approval procedure of this policy should include its approval by the Board of Directors or the Executive Council of CORDES - FMC.

K. MONITORING AND EVALUATION

K. 1. Reports

During the period of performance of the present Agreement, the CORDES – FMC shall submit the following reports:

Quarterly Progress Reports. These reports should address the attached (Annex 5) USAID and TNS suggested indicators and respond to achievement of the milestones as pre-determined in the Annual Work Plan.

Monthly Financial Reports. These reports shall reflect expenses of TNS-ROCA Project funding as well as counterpart.

Annual Work Plan. To reflect milestones and activities to be undertaken towards them.

The approval of these reports is required for the next disbursements of funds. With this purpose, it should be established within the FMC an information and monitoring and evaluation system with technical assistance from the ROCA Project staff.

K. 2. Evaluation

To measure the impact of the FMC activities, the TNS-ROCA Project will conduct a survey to establish the initial status of the clients –baseline survey--, and it will be updated each year. The baseline survey will be completed within the first 60 days

following the signature of this Agreement. CORDES - FMC should provide all the necessary facilities for the gathering of data among its affiliated cooperatives and among its members, specially promoting the collaboration of the informants.

K. 3. Financial Audits

CORDES - FMC will hire an external auditor to verify its financial statements. The presentation of the updated and audited financial statements, in an annual basis, will be a condition to approve the continuation of the financial support from the TNS-ROCA Project. TNS-ROCA Project will co-finance this task. The Chief of Party of ROCA Project will participate in the selection process of the external auditor.

L. TERMINATION AND CLOSURE PROCEDURE

Upon successful termination of the effective period of this Agreement, property of all goods and funds generated by the Project activities will remain at CORDES - FMC. The definitive transfer will be conducted following the procedures stipulated in the USAID and TNS standard provisions.

In case of suspension or termination of this Agreement before its completion date, or in case of closure of the FMC, for any cause or reason, all vehicles and equipment acquired with Project funds shall be returned to TNS. Likewise, any balance that would be in the account and that correspond to the contribution of the TNS-ROCA Project should immediately be transferred to TNS.

During the period of performance of this Agreement, TNS-ROCA Project might suspend the financial support for the unfulfillment of the established requisites as written in this Agreement and in the operation and procedures manuals and handbooks that will be prepared and approved within the established terms.

TNS can terminate this Agreement before the prescribed date due to the unfulfillment by CORDES - FMC of any of the obligations that are included in the Agreement. Such decision will be informed in writing 30 days in advance.

CORDES might terminate this Agreement informing of such decision in writing to TNS-ROCA Project 30 days in advance and facilitating the transferring procedure of goods and funds, if there were any.

While TNS is responsible for award and administration of this Agreement, USAID reserves the right to unilaterally terminate it under extraordinary circumstances.

M. SPECIAL PROVISIONS

1. After the completion of this Agreement, which provides financial support for two years, the period of operations of the FMC should be a minimum of five additional years over the effective period of this Agreement.
2. This Agreement will be implemented under the USAID Standard Provisions for Non-US Non-Governmental Recipients, attached to this document and part of the same.
3. The official language of this Agreement and its constitutive Annexes is English. Therefore, the English version of this Agreement (and Annexes) will prevail in case of conflict.
4. No funds from this Agreement shall be used to pay for expenses incurred before or after the effective period of the Agreement.
5. No funds from this Agreement shall be used for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States.
6. No funds from this Agreement shall be used for activities in the following areas: a) relocation of US Businesses and resulting loss of jobs in the United States; b) assistance to export processing zones; and c) assistance that contributes to the violation on internationally recognized workers rights.
7. Prior approval from USAID is required for the development if any activity involving production, processing or marketing of sugar, palm oil, or citrus for export.
8. During the effective period of this Agreement, the vehicles and equipment acquired with Project funds will be the property of TNS and will be assigned to CORDES on a loan basis for its custody and maintenance.
9. All vehicles and/or equipment assigned to CORDES under this Agreement shall be for OFFICIAL USE ONLY. The use of these vehicles for personal or any other than the purposes of the Agreement is strictly prohibited. To that effect, CORDES – FMC shall develop the adequate controls to comply with this requirement.

By: TechnoServe (TNS)

Name of Signer:

Roberto Vega Lara

ID No. 6-1-010538

Title of Signer:

TNS El Salvador Country Director

Signature:

Date: June 1, 2001

By: CORDES

Name of Signer:

Juana Inés Fabián Hernández

ID No. 10-02-018509

Title of Signer:

Legal Representative

Signature:

Annex 6.

ROCA'S budget

Annex 6. ROCA'S budget

A. Budget assigned and Actual Expenses

The estimated budget for the first year, considering the period May 1999 to June 2000, was US\$1,445,231, actual expenditures were only \$909,697 (63%). As of September 30, 2002 the cumulative expenses add up to US\$ 3,567,937, equivalent to about 90 % of the budget.

The actual expenditure per year has been as follows:

Yearly effective expenditures (In U.S. Dollars)

Year	Expenses
May 1999-June 2000	909,697
July 2000- June 2001	1,261,986
July 2001- June 2002	1,085,017
Total	3,256,701
Average per year	1,085,567

35% of the total budget has been assigned to support directly the FMCs, salaries and fringe benefits for ROCA's Staff amounted to approximately 26% of the budget and the subcontracts are estimated to reach close to 16% of the budget.

Summary of the budget status, as per September 30, 2002

Line Items	APPROVED BUDGET TO DATE (1)	TOTAL EXPENSES TO Sept. (2)	BALANCE AVAILABLE REMAIN. (1)-(2)
Salaries	757,678.90	685,224.51	72,454.39
Fringe benefits	183,651.98	175,256.37	8,395.61
Allowances	86,513.55	79,975.09	6,538.45
Travel, transportation & per diem	138,067.21	112,336.73	25,730.48
Other direct Costs	240,362.19	234,162.59	6,199.59
Subcontracts	617,877.01	493,901.03	123,975.97
Equipment & commodities	114,753.77	114,753.77	0.00
Grants	1,358,570.60	1,280,361.87	78,208.74
Fixed Fee	0.00	0.00	0.00
Overhead	143,229.00	124,829.61	18,399.39
G&A	306,588.00	267,135.37	39,452.63
TOTAL	3,947,292.22	3,567,936.95	379,355.27

B. 2LO Grants

The original three year budget for the Project included US\$1,318,378 as direct grants for the four 2LO FMCs. The modified budgets shows some adjustments made to the original Technical and Financial Assistance Agreements signed with the 4 2LO, and also includes a new 2LO.

Grants to 2LO as per agreed upon budgets

2LO	Original Total	First Year Budget	Modified Budget
FUNSAL	\$ 334,345	\$ 233,297	\$297,394
FESACORA	\$ 334,327	\$ 241,040	\$110,790
USULUTAN	\$ 326,727	\$ 239,040	\$374,239
FUNPROCOOP	\$ 322,979	\$ 240,206	\$295,044
CORDES			\$269,680
Total	\$1,318,378	\$ 953,960	1,347,147

The most important change from the original budget, was the adjustment made in the budget as a result of the abrogation of the agreement with FESACORA and the incorporation of CORDES.

A significant amount (40%) budgeted for the first year of the project for each FMC was disbursed during the second semester of 2000 (first semester of the second year of the Project). The amount assigned for working capital and for investments and some marketing infrastructure was spent within the last quarter of the year (October-December 2000).

C. Counterpart Contribution

While negotiating the Technical and Financial Assistance Agreements with the selected second level organizations, the concepts of partnership and sharing of the expenses required to set up the FMCs and make them operational were emphasized. Indeed, the 2LO committed themselves to finance 20% of the whole budget in order to cover the set up and operational expenses of the FMCs, both in kind and in cash.

Each 2LO committed itself to contribute to the adequacy of the FMC office and to supply some of the furniture and equipment needed. All FMCs are located inside the 2LO offices, except the FESACORA FMC that has rented a small house next to the one occupied by the host organization. The equipment supplied consists of desks, chairs, meeting tables, file cabinets, copier machine, air conditioning system, telephone and fax, curtains, and coffee and water dispensers.

Each 2LO committed itself to cover also some of the recurrent and operational expenses, such as the salary of the Secretary and of the FMC Manager (the USULUTAN case), office supplies and utilities, and the rent of the house (the FESACORA case). The following Table summarizes both types of counterpart contributions from the 2LO.

Summary of the counterpart contributions from the 2LO, in kind and in cash

	1	2	3	4	5
DESCRIPTION	Counterpart: Budget		Counterpart: Real		4-2 Estimato Deficit/Surplus
	LOA	To Date	This Semester	Cumulative Date	
In cash contribution:					
CGE FUNSALPRODESE	76,639	76,639	1,377	26,215	(50,424)
CGE USULUTAN II	130,073	130,073	8,355	70,072	(60,002)
CGE FUNPROCOOP	100,079	100,079	1,778	32,284	(67,795)
CGE CORDES	65,100	65,100	22,288	53,286	(11,814)
CGE FESACORA	50,386	27,292	0	8,451	(18,841)
Sub-total in cash	422,277	399,183	33,797	190,307	(208,876)
In kind contribution:					
CGE FUNSALPRODESE	7,834	7,834	0	6,437	(1,397)
CGE USULUTAN II	69,672	69,672	0	67,658	(2,014)
CGE FUNPROCOOP	27,749	27,749	0	4,475	(23,274)
CGE CORDES	9,595	9,595	45,647	48,440	38,845
CGE FESACORA	7,081	7,081	0	6,050	(1,031)
Sub-total in kind	121,930	121,930	45,647	133,060	11,129
Total	544,207	521,114	79,444	323,367	(197,747)

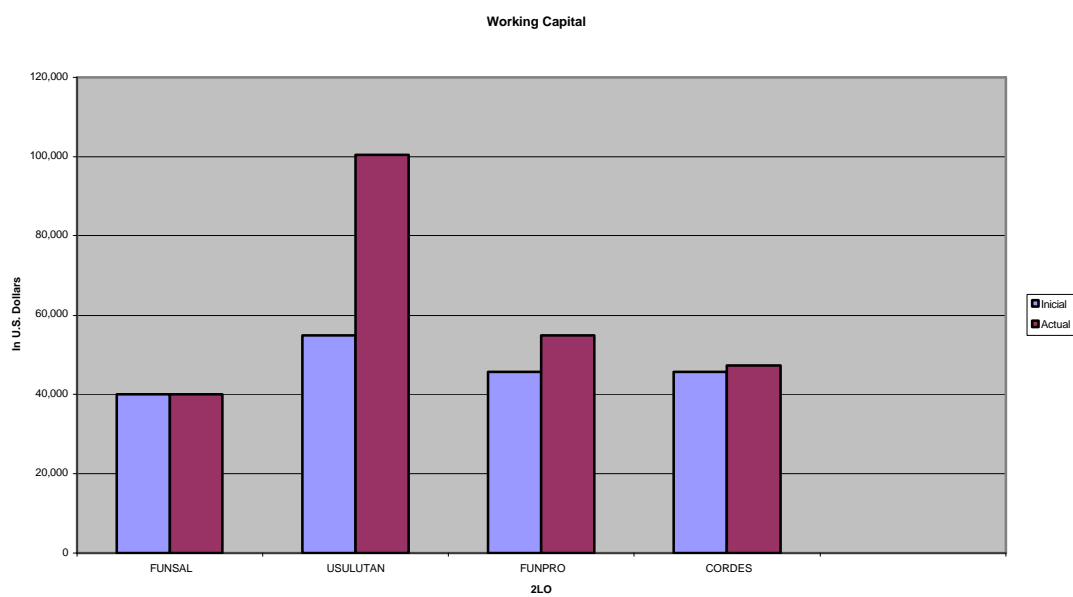
* Life of Activity

The expected counterpart stipulated in the Project Contract is \$296,258 (¢2,595,220 at an exchange rate of 8.76), equivalent to about 7% of the total budget for the first 3 years. According to the signed agreements, the total amount of counterpart funds from the 2LO is ¢4.4 million, about 70% over the contractual figure.

D. Working Capital

Another key element to assess project sustainability is to consider the status of the working capital. The graph below shows that all the 2LO that received resources to be used as working capital from the project², have at least maintained the original amount and at best have almost double the working capital. By far Usulután II has been the most successful 2LO and its working capital has increase by more than 80%. Data for FUNPRO and FUNSAL its as of May 2002, however they claim that their working capital, as of today, is higher than the projects original contribution. The 2LO ability to increase its working capital, its essential to the sustainability of project activities.

² Fesacora's working capital was restituted to the project and transfer to CORDES.



Annex 7.
ROCA/TNS-CENTA Letter of
Agreement

***CARTA DE ENTENDIMIENTO
ENTRE EL
CENTRO NACIONAL DE TECNOLOGIA AGROPECUARIA Y
FORESTAL (CENTA)
Y TECHNOSERVE EL SALVADOR***

ANTECEDENTES

A. Las Instituciones

El Centro de Tecnología Agropecuaria y Forestal (CENTA), en su carácter de entidad científica y técnica tiene como objetivo general, “contribuir al incremento de la producción y productividad del Sector Agropecuario y Forestal, mediante la generación y transferencia de tecnología apropiada para cultivos, especies animales y recursos naturales renovables, que posibiliten la satisfacción de las necesidades alimentarias de la población, de las exportaciones y de la agroindustria local, propiciando incrementos de los ingresos netos de los productores, el manejo racional y sostenido y la conservación del medio ambiente”. Entre sus objetivos específicos se anota el de “estimular y promover la cooperación financiera y técnica de las entidades públicas y privadas en sus diversas formas de constitución, en la ejecución de proyectos conjuntos de investigación y extensión agropecuaria y forestal”.

TechnoServe, Inc. es una corporación sin fines de lucro que tiene como propósito mejorar el nivel de vida económica y social de personas de bajos ingresos en países que están en vías de desarrollo, mediante un proceso de desarrollo empresarial que aumente la productividad y rentabilidad de las inversiones, genere empleo y mejore los niveles de ingreso de las familias rurales, suministrando servicios de asistencia técnica y capacitación a empresas e instituciones relacionadas primordialmente con el sector agrícola.

TechnoServe El Salvador, siguiendo estos lineamientos corporativos, está impulsando el desarrollo empresarial en el sector agrícola a través de la identificación de líneas de negocio que incluyan oportunidades rentables de alto valor y que resulten en incrementos sustanciales de ingreso para las familias pobres. Sin excluir potenciales actividades rentables en los productos tradicionales, TechnoServe está enfocando sus servicios de asistencia técnica para mejorar la gestión empresarial en líneas de negocio basadas preferentemente en productos como hortalizas frescas, frutas, productos orgánicos y de especialidad (marañón, ajonjolí, café) aceites esenciales, miel de abeja y derivados lácteos y productos criollos para mercados étnicos. El desarrollo de estas líneas de negocio se realizará cuidando de que las prácticas de producción y procesamiento usen los recursos naturales de manera eficiente y, con mayor atención, de que la tecnología agropecuaria contribuya a disminuir la contaminación del agua y del suelo.

B. El Proyecto ROCA

TechnoServe El Salvador, en consorcio con la Universidad de Connecticut, tiene la responsabilidad de ejecutar el Proyecto Organizaciones Rurales y Conservación del Medio Ambiente (ROCA), financiado por la Agencia de los Estados Unidos para el Desarrollo Internacional, USAID.

ROCA busca desarrollar y mejorar dentro de organizaciones de segundo nivel la provisión de servicios agropecuarios esenciales tanto para organizaciones agrícolas de primer nivel como para productores rurales de bajos ingresos, miembros de estas organizaciones. Para alcanzar este fin, el Proyecto ROCA se propone crear Centros de Gestión Empresarial (CGEs) en cada organización de segundo nivel que participe como socia del Proyecto (en Anexo 1 se especifican las organizaciones de segundo nivel con las que el Proyecto trabajaría, las cooperativas afiliadas y el área geográfica de influencia).

Los CGEs tienen como propósito fomentar oportunidades de negocios en productos de alto valor económico para incrementar la rentabilidad de las agro-empresas y mejorar las condiciones de negocios y la rentabilidad de los productos tradicionales de mayor importancia para la alimentación, tales como el maíz y el frijol.

Los servicios que integran y ofrecen los CGEs son esencialmente de tres clases:

Transferencia Tecnológica: Con el fin de proveer a los agricultores los conocimientos técnicos necesarios para que puedan utilizar sus recursos en forma eficiente, rentable y en armonía con el medio ambiente.

Gestión Financiera: Con el propósito de poner a disposición de los usuarios métodos simples pero eficaces para estimar costos de producción e ingresos por actividad productiva, por finca y por empresa agrícola. Bajo esta categoría de servicios, el CGE apoya con asistencia técnica la formulación de planes de negocio y, de manera decisiva, su ejecución.

Mercadeo: Con los cuales el CGE apoya la investigación de nuevos mercados, ventanas comerciales en mercados tradicionales y oportunidades de negocios alrededor sobre todo de productos de alto valor en los mercados. El CGE apoya la expansión de sistemas de comercialización modernos, en base a contratos.

II. OBJETIVOS DE ESTA CARTA DE ENTENDIMIENTO

El objetivo principal de esta Carta de Entendimiento es establecer un vínculo de trabajo conjunto entre los equipos que conforman el Proyecto ROCA, tanto el de la Unidad Ejecutora como los de los CGEs constituidos dentro de las organizaciones de segundo nivel participantes o socias del Proyecto, y los grupos multidisciplinarios y agentes de

extensión del CENTA, con el fin de reforzar el logro de los objetivos de la asistencia técnica a los productores rurales de bajos ingresos.

Los objetivos específicos son los siguientes:

1. Coordinar la asistencia técnica orientada a mejorar la rentabilidad de los cultivos tradicionales, especialmente de maíz y frijol, induciendo el uso de mejores variedades, la utilización más eficiente de los recursos y la práctica de tecnologías de producción que reduzcan la contaminación del agua y del suelo y, en general, amigables con el medio ambiente.
2. Enfatizar las actividades de asistencia técnica hacia la diversificación de los cultivos identificando prioritariamente aquellos que ofrezcan mayor valor de mercado y, por tanto, mayores oportunidades de incrementar los ingresos de los productores de bajos ingresos. La lista de estos productos para cada CGE-organización de segundo nivel será corta.
3. Orientar los esfuerzos de los equipos de asistencia técnica hacia el logro de una coordinación vertical efectiva y rentable entre la producción primaria de los productos identificados, su procesamiento y su mercadeo, tanto local como regional y mundial. El resultado de este esfuerzo podrá observarse en el desarrollo de una agricultura bajo contratos.
4. Fomentar la asociatividad tanto de los productores rurales como también la de ellos y la agro-industria y las empresas comercializadoras y exportadoras.

III. TERMINOS DE LA CARTA DE ENTENDIMIENTO

CENTA y TechnoServe, conscientes de que el desarrollo sostenido sólo es posible a través de la coordinación de esfuerzos que tengan el propósito de fomentar y desarrollar la capacidad técnica, comercial y, en general, empresarial de las familias y empresas rurales, se comprometen a cumplir con los siguientes términos de esta Carta de Entendimiento:

1. CENTA y TechnoServe establecerán relaciones de coordinación y cooperación en las áreas donde el Proyecto ROCA, ejecutado por el consorcio TechnoServe - Universidad de Connecticut, desarrolle su actividades, es decir, en las áreas de influencia de las organizaciones de segundo nivel participantes (Anexo 1).
2. Proporcionar los recursos logísticos y de personal necesarios para el desarrollo de las acciones y planes de negocio que los CGEs – organizaciones de segundo nivel participantes decidan. Estas acciones se ejecutarán principalmente en los aspectos de producción y alrededor de líneas de negocio identificadas en coordinación entre los CGEs, el Proyecto ROCA y CENTA.

El CENTA designará al Proyecto ROCA agentes de extensión para cada una de las áreas geográficas de influencia de los CGEs (e.g, Cara Sucia, Usulután y Suchitoto) donde apoyarán los procesos de mejoramiento de rentabilidad, introducción de prácticas culturales amigables con el ambiente, o diversificación agrícola hacia productos de alto valor en los mercados, apoyarán con asistencia técnica a los productores involucrados en estas actividades, en coordinación con los técnicos de la Unidad Ejecutora del Proyecto ROCA y de los CGEs de las organizaciones de segundo nivel respectivas.

Esta designación estará en función principalmente de los productos que se identifiquen como líneas de negocio, el conocimiento y experiencia de los agentes, y el área geográfica donde se desarrollen las actividades pertinentes. El número de agentes así como las condiciones en que colaborarán con los CGEs serán aspectos que se negociarán y definirán caso por caso.

3. Intercambiar información relativa a paquetes tecnológicos desarrollados cuyo uso se decida fomentar entre los productores socios del Proyecto ROCA, lo que incluye nuevas variedades de productos, nuevos insumos, nuevas técnicas de cultivo, enfatizando en aquellas que reduzcan la contaminación del agua y del suelo, y nuevos productos que promuevan la diversificación basada en las demandas del mercado.
4. Compartir metodologías de inducción y diseminación de prácticas culturales, técnicas adecuadas para ofrecer eficazmente los servicios de extensión y de asistencia técnica a la producción que CENTA y TechnoServe y el Proyecto ROCA ofrecen a los productores rurales. El objetivo de este intercambio es utilizar los recursos humanos materiales de las dos instituciones firmantes de una manera costo-efectiva para lograr extender los beneficios al mayor número de socios del Proyecto ROCA, a un costo mínimo.
5. Coordinar acciones y actividades tendientes a la capacitación de los agentes de extensión y asistencia técnica de las dos instituciones en aspectos productivos (técnicas amigables con el ambiente, nuevos cultivos, nuevas prácticas culturales) así como también en aspectos de agro-negocios, desarrollo empresarial y fortalecimiento organizacional con miras a consolidar la asociatividad, entre otros temas.

IV. RESULTADOS ESPERADOS

El cumplimiento de esta Carta de Entendimiento se espera que resulte en los siguientes beneficios para los productores rurales:

1. Mejoramiento en la rentabilidad de los cultivos tradicionales y no tradicionales, lo que podrá medirse a través de incrementos en los ingresos de los productores y sus familias.
2. Mejoramiento en los sistemas de comercialización a través de una coordinación vertical efectiva entre la producción, el procesamiento y el mercadeo, logrando

preferentemente desarrollar una agricultura bajo contrato, lo que también redundará en incrementos de ingreso para los productores.

3. Diversificación de los cultivos agrícolas hacia productos de alto valor en los mercados, resultando igualmente en incrementos en los ingresos de los productores.
4. Reducción de la contaminación del agua y del suelo a través de la expansión de áreas de cultivo en las que se utilicen prácticas amigables con el ambiente.

V. DISPOSICIONES GENERALES

La presente Carta de Entendimiento tendrá una duración de 3 años pudiendo extenderse a 5 si el período de ejecución del Proyecto ROCA también se extiende, y entrará en vigencia desde la fecha de su suscripción.

La presente Carta de Entendimiento podrá darse por terminada por cualquiera de las partes mediante aviso por escrito y con una anticipación de por lo menos 30 días, expresando las razones para tal decisión.

EN FE DE LO EXPUESTO, ambas partes firman la presente Carta de Entendimiento en dos textos igualmente auténticos y válidos, en la ciudad de San Salvador, a los catorce días del mes de marzo de dos mil.

f. _____
Ing. Roberto Vega Lara
Director de TechnoServe
Programa El Salvador

f. _____
Ing. Hernán Ever Amaya M.
Director Ejecutivo del CENTA

Annex 8.

ROCA/TNS's Training events

Annex 8. ROCA´s Training events

July – December/00

Dates	Content	Participants	No.	Place
July 24	Funds request and expenses liquidation procedures at ROCA, TNS and USAID	FMCs financial technicians and accountants	20	FUSAL
August 18	Strategic planning workshop	TNS – ROCA personnel	25	FUSAL
August 25	FMCs business plan revision and redefinition	FMCs and ROCA personnel	32	FUSAL
September 1	MS Access application	FMCs information technicians	5	New Horizons
October 12	CENTA-ROCA Coordination session	CENTA, APA, ROCA	45	FUSAL
November 15	SIIAG application	FMCs technicians	27	FUSAL
December 7	Agricultural products development and merchandizing	FMCs marketing personnel	15	FUSAL
December 11	Evaluation of the FMCs strategic plans	2LO representatives, FMCs and ROCA	38	2LO offices

Training events

January – June/01

Dates	Content	Participants	No.	Place
Mar 11	Overview of the ROCA and FMC progress, with TNS CEO and Executives	TNS, ROCA, FMCs staff and 2LO directors	21	FUSAL
May 11	Value added tax and income tax legislation	ROCA, FMCs and 2LO staff and technicians	28	FUSAL
June 8 – 10	Evaluation of investment and business plan preparation	ROCA staff and FMC managers	6	FEPADE
June 11 – 15	Strategic marketing	ROCA and FMC marketing specialists	6	FEPADE
June 11 – 15	Business advisors meeting	ROCA marketing and information specialists	2	Costa Rica
June 18	Re-definition and re-engineering of FMCs	ROCA and FMCs staff plus 2LO directors	32	FUSAL
June 28 – 29	Interchanging experiences on working with small rural producers. USAID workshop	ROCA technicians.	4	Marriot Hotel

July – Dec/01**Workshops, seminars and observational trips**

Dates	Content	Participants	No.	Place
August 26 Sep 1	Invitational trip to UConn	Mr. Franklin Méndez and Mrs. Alicia Hernández	2	Storr, Connecticut.
Sep 12-20 and Nov 1-13	Analysis of the situation and perspectives of El Flor and Vientos Marinos coops	Coop members	14	Puerto El Flor
Sep 25–Oct 3	Analysis of the situation and perspectives of Cordes enterprises	Members of Agrolempa, Agroservicios, SES, MES and IDES	21	San Carlos Lempa
Oct 17-Nov 28	Accounting and basic financial management	Members of Agrolempa, Agroservicios, SES, MES and Vientos Marinos Coop	40	San Carlos Lempa
Oct 26-Dec 12	Training on accounting international norms	ROCA and FMCs financial specialists and accountants	8	Accountants Association of El Salvador
November 14	AGRITRADE 2001	ROCA and FMCs marketing specialists	5	Guatemala
Nov 29-30	Strategies for competition within the new agro-industry	Mr. Hugo Ramos (COP) and Fernando Medrano (Funpro)	2	San Salvador, Radisson hotel
Nov 29-Dec 20	Strategic planning	Shrimp producing coops: Las Marías, Puerto El Flor, Vientos Marinos, Luz en el Horizonte, 29 de Junio, San Hilario, Wilber Mendoza, and La Carrera	24	Usulután, Campo Real hotel

January – sept./02

Dates	Content	Participants	No.	Place
February 25-28, 2002	Visit to horticultural and fruit processing plant	Ing. Enrique Cárdenas (ROCA Project), Ing. Oscar Barrera (CGE-CORDES), Ing. Manuel Avila (Agrolempa)	3	San José, Costa Rica
March 3-6, 2002	Visit to food processing plant	Mr. Felipe Arnoldo Domínguez Carballo (Las Marías Coop.) Ms. Margarita Rosa Amaya (Fundación Usulután II)	2	Chiapas, México
March 7,14,21, April 4,11,18, 25,	Improving the shrimp production under the artisan and semi-intensive system	Cooperatives: Wilber Mendoza, Vientos Marinos, 29 de junio, Mancornados, 31 de diciembre, Casa Blanca, San	50	Hotel Campo Real, Usulután

Dates	Content	Participants	No.	Place
2002		Francisco, San Hilario, Puerto Flor, La gaveta, Los Gavilanes y La Carrera.		
May 2-3, 2002	USAID`s Earthquake Recovery Program Geographical Information System (GIS)	Ing. Franklin Méndez	1	ITCA-FEPADE

CGE- Fundación Usulután II

Date	Title	Coop/Community	No.
April 4, 11,18, 25, 2002	Shrimp management under artisan and semi-intensive production	Wilber Mendoza, Vientos Marinos, 29 de junio, Los Mancornados, Sueños dorados, Nuevo Zamorancito, Casa Blanca, San Francisco, San Hilario, Puerto Flor, y La Carrera.	986
June 20, 2002	Bussiness associations	Wilber Mendoza, Los Mancornados, La Carrera, San Francisco, Nuevo Zamorancito, La Salvadoreña, Santa Rosa, El progreso, Grupo Solidario San Hilario No. 1, Grupo solidario San Hilario No. 3	640
June 27, 2002	Administration	Wilber Mendoza, Los Mancornados, La Carrera, San Francisco, Nuevo Zamorancito, La Salvadoreña, Santa Rosa, El progreso, Grupo Solidario San Hilario No. 1, Grupo solidario San Hilario No. 3	
July 4,2002	Markets and sales	29 de Junio Los Mancornados La Carrera San Francisco Nuevo Zamorancito Puerto Flor La Salvadoreña Santa Rosa El Progreso	

Date	Title	Coop/Community	No.
		GS No 1 Nuevos Horizontes G S No 3 Brisas Marinas Wilber Mendoza	
July 10/02	Rent and IVA tax legislation 1.-IVA tax generating occasions 2.- ¿Who is compelled and requisites for the procurement of the NRC 3- Formal obligations for IVA registered entities and use of documents 4-Filing and presentation of IVA declaration	29 de Junio Los Mancornados San Francisco Nuevo Zamorancito Puerto Flor La Salvadoreña Santa Rosa El Progreso GS No 1 Nuevos Horizontes G S No 3 Brisas Marinas Wilber Mendoza GS No 2 Sendero de La Paz	
July 18/02	Legislación: Environment, Forestry and Aquaculture	29 de Junio Los Mancornados La Carrera San Francisco Nuevo Zamorancito La Salvadoreña Santa Rosa El Progreso G. S. No 1 Nuevos Horizontes G. S. No 3 Brisas Marinas Wilber Mendoza G. S. No 2 Sendero de La Paz	

CGE-CORDES

Date	Title	Coop/Community	No.
February 8, 2002	Irrigation management and monitoring	El Pichiche, El Coco, Los Marranitos, El Pacun, Isletas, Puerto Nuevo, Taura, El Carmen	20
February 13, 2002	Horticulture and cashew-nut field day	Taura, El Naranjo, Rancho Grande, El Pichiche, El Coco, San Carlos	70
April 17, 2002	Internal By-laws for Organic production	Isla Montecristo, Santa Marta, Nueva Jerusalén, Anonas, El Coyol	57
April 19, 2002	Grafting fruit trees	Isla Montecristo, Santa Marta, Nueva Jerusalén, San Carlos Lempa, El Coyol	8
May 16, 2002	Horticultural dialogue	El Pacun, Santa Marta, San Carlos	4
May 24, 2002	Organic maize management	Las Anonas	19
June 2, 2002	Why do we want to become organic?	Santa Marta, San Carlos, Guajoyo, Granzazo, Miramar, Taura, Rancho Grande, La Sabana	19
June 12, 2002	Organic maize production	19 de Junio	8
July 5, 2002	Home gardening for tomatoes and cucumbers	Comunidad 14 de junio	36
July, 5, 2002	Writing a Bussines Plan	MES, SES, IDES	8
July 11, 2002	Workshop on interactive technology transfer	MES, SES, IDES	110
July 16, 2002	Fruit trees field day	MES	5
August 30, 2002	IVA application for agribussines	Agrolempa, CGE CORDES, CORDES, Maquilishuat, Agroservicio, El Roble, Bio-tec	14
Sept. 5, 2002	Internal control system	MES	36
Sept. 6, 2002	Organic pineapple production	Maquilishuat, El Roble, Polígono Industrial Lechería	14
Sept. 12, 2002	Benefits from sistribution center	Agrolempa	53
Sept. 18, 2002	Preparation of bocashi fertilizer	MES	10

CGE-FUNPROCOOP

January 17, 2002	Management and administration of distribution centersde granos básicos	Cooperativa La Suiza	29
April 18, 19, 2002	Production technology for Chan, Sweet peppers and tomatos for small farmers	La colina, Santa Adelaida, Gusamalot, San Antonio, San Rafael, La Labor, Adesco, Renovación Campesina, La finquita, Las Marías,	37
February 27,28, 2002	Small farmers marketing fundamentals	Los, Apoyos, Rafael Palacios, Apolinario Serrano, La Laguneta, Monte Sinaí, Las Colinas, Las Marías, Los Apoyos, Chizuma, Nueva Consolación, La Montañona, Fundasal, San Francisco Angulo, El Salitre	26

CGE-FUNSALPRODESE

Dates	Content	Cooperatives/Community	No.
January 5, 2002	Instalation, up-keeping and maintenance of ferti-drop-irrigation	Las Gemelitas	17
January 15, 2002	Integrated pest management for peppers	Las Gemelitas	17
January 25, 2002	Field day: different irrigation technologies for horticultural production	Las Gemelitas	83
February 1, 2002	Pest control for Solanaceas crops	El Triunfo	12
March 6, 2002	Pest control for cassava production	Siguanango	9
January 8, 2002	Transplanting technology an irrigation for peppers and tomatoes	Los Conventos	19
February 2, 2002	Integrated pest control for peppers	Los Conventos	22
February 26, 2002	Procuring and management of agricultural credit	Los Conventos	14
May 21, 2002	Installing and maintenance of forestry greenhouse	Samuria	41
May 29, 2002	Soil conservation construction for hillside	Samuria	52

Annex 9.
UConn: Bulletins and Working
Documents

Annex 9. University of Connecticut Bulletins and working Documents

BULLETINS:

Bravo-Ureta B., Hugo Ramos, y Teodoro Rivas. “ROCA/TNS: Centros de Gestión Empresarial para la Agricultura de El Salvador.” ROCA: Boletín Informativo No. 1, Noviembre 1999.

Bravo-Ureta B., Teodoro Rivas, y D. Solís. “Rentabilidad Agrícola y Gestión Empresarial.” ROCA: Boletín Informativo No. 2. Enero 2000.

Rivas, T. y B. Bravo-Ureta. “El Plan de Negocios”. ROCA: Boletín Informativo No. 3, Septiembre 2000

Rivas, T., B. Bravo-Ureta, y F. Méndez. “Indicadores para el Seguimiento y Evaluación del Proyecto ROCA”. ROCA: Boletín Informativo No. 4, Noviembre 2000.

Rivas, T. y B. Bravo-Ureta. “Planes de Negocio del Proyecto ROCA”. ROCA: Boletín Informativo No. 5, Noviembre 2000.

Solís, D., T. Rivas y B. Bravo-Ureta. “Prácticas para Aliviar la Problemática Ambiental: Estrategias del Proyecto ROCA” . ROCA: Boletín Informativo No. 6, Mayo 2001.

Rivas, T., B. Bravo-Ureta, y D. Solís . “Elaboración de una Ficha Técnica-Financiera: Aspectos Teóricos y Prácticos”. ROCA: Boletín Informativo No. 7, Junio 2001.

WORKING DOCUMENTS:

Bravo-Ureta B. y T. Rivas. “Proyecto ROCA: Centros de Gestión Empresarial para la Agricultura de El Salvador” . ROCA: Documento de Trabajo No. 1. Noviembre 1999.

Rivas, T., B. Bravo-Ureta, y D. Solís. “Sistema Integrado de Información para la Administración de Negocios (SDIAG)”. ROCA: Documento de Trabajo No. 2, Noviembre 2000.

Rivas T., B. Bravo-Ureta, y D. Solís. “Sistema Integrado de Información para la Administración de Agronegocios (SIIAG): Guía de Usuario.” ROCA: Documento de Trabajo No. 3, Mayo 2000

Dahmani, M.A., y R. Carley. “Non-Point Source Pollution Management Monitoring in El Salvador Rivers.” ROCA: Documento de Trabajo No. 5, Junio 2000.

Rivas, T. y B. Bravo-Ureta. “Centro de Gestión Empresarial FUNSALPRODESE:

Alternativas de Financiamiento.” ROCA: Documento de Trabajo No. 8, Junio 2000

CGE-FUNSALPRODESE. “Plan de Negocios.” ROCA: Documento de Trabajo No. 9, Junio 2000

Ramos H. y F. Méndez. “CGE-FUNSALPRODESE: Cost Effectiveness Study.” ROCA: Documento de Trabajo No. 10, Julio 2000

CGE-FESACORA. “Plan de Negocios.” ROCA: Documento de Trabajo No. 11, Julio 2000

Rivas, T., D. Solís y B. Bravo-Ureta. “Sistema Integrado de Información para la Administración de Agronegocios (SIIAG): Guía de Usuario: Versión 2.0”. ROCA: Documento de Trabajo No. 12, Noviembre 2000

Rivas, T. y B. Bravo-Ureta. “Centro de Gestión Empresarial: Alternativas de Financiamiento”. ROCA: Documento de Trabajo No. 14.

Rivas, T., D. Solís y B. Bravo-Ureta. “Sistema Integrado de Información para la Administración de Agronegocios (SIIAG): Guía de Usuario: Versión 3.0”. ROCA: Documento de Trabajo No. 15.

Solís, D., T. Rivas y B. Bravo-Ureta. “Guía para la elaboración de Planes de Negocios en la Agricultura”. ROCA: Documento de Trabajo No. 16, Julio 2001.

Solís, D., F. Méndez, T. Rivas, A. Hernández y B. Bravo-Ureta. “Fichas Técnico-Financieras para los Principales Cultivos Producidos por los CGEs. Proyecto ROCA”. ROCA: Documento de Trabajo No. 17, Febrero 2002.

Rivas, T., D. Solís y B. Bravo-Ureta. “Análisis Descriptivo de Productores Agrícola Asociados al Proyecto ROCA Año 2002”. ROCA: Documento de Trabajo No. 18, Abril 2002.

Rivas, T., D. Solís y B. Bravo-Ureta. “Análisis de Costos y Retornos para Agricultores Representativos del Proyecto ROCA”. ROCA. Documento de Trabajo No. 19, Mayo 2002.

Annex 10. Overview of El Salvador Economy

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By the end of 2001 the economy has not recovered completely from the damage caused by the earthquakes and the drought that affected the country during last year. It is estimated that the earthquakes caused nearly \$2.0 billion in economic losses by destroying economic and social infrastructure (roads, schools, clinics, rural markets and water systems), and productive capacity in the rural areas. Losses of agricultural revenue approached \$200 million, including the damage in processing facilities of coffee, poultry, and rice. As a consequence of this disaster, about 150,000 families have fallen into poverty.

At the beginning of the rainy season (around May), a severe drought affected the country, especially the eastern region, adding more losses in the agricultural sector to those caused by the earthquakes. This natural phenomenon stalled the ripening process of some fruits and horticultural products and, more importantly, discouraged the seeding of seasonal products for the new cycle.

The consequences of these disasters were still experienced during the July – December 2001 period. By November 2001, the Central Bank of Reserve (BCR) reported an average annual growth rate for the real gross domestic product (GDP) of 1.5%, while the goal for the year was estimated at 3%. Measured by the economic activity value index (IVAE, by its Spanish acronym), the economy has grown at a rate close to 1.6% during the year, paralleling the rate estimated for the GDP.

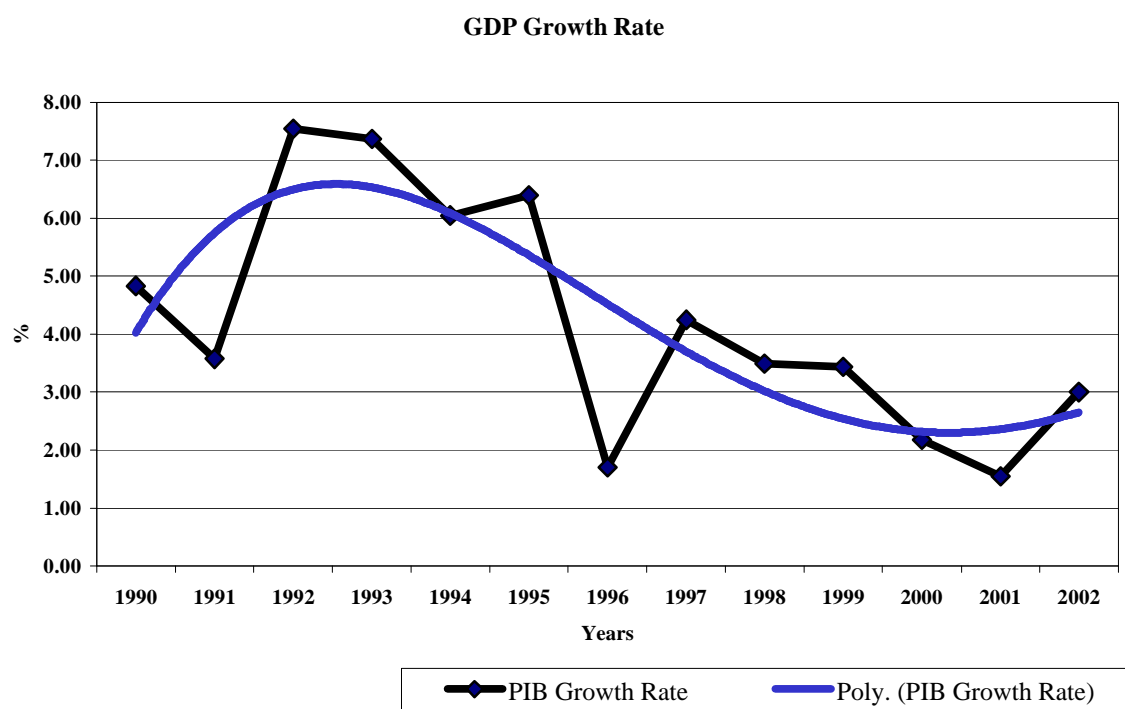
In terms of prices, the economy experienced an increase in the consumer prices index with respect to last year, reaching approximately an annual rate of 3% by November. The losses caused especially by the drought resulted in a reduction of the supply of agricultural products, in general, that caused an increase in the food prices of about 2.2%, taking a large share of the increase of the general prices (close to a one percentage point of the annual inflation rate). Within the food component of the index, the prices of horticultural products increased 12.1% and those of fruits, 11.7%.

Figure 1 shows the decline observed in the GDP's rate of growth during the 90's, the years 2000 and 2001, and an estimated upturn for year 2002 (BCR, 3% in real terms). The fall of the year 2001 is evident, and it has been more dramatic than the fall of 1996 (the recession year). The estimated 3% growth for 2002 will turn up the economic trend observed during the past decade, as shown by the fitted line (polynomial distributed lag model) on top of the line representing the growth rate.

If the reconstruction work continues during this year (2002), as an internal effort, and if the U.S. economy recovers from its recession and the September 11 shock, as the external force driving the local economy through trade, then the country's economy will have the opportunity to reach the BCR's estimated growth rate.

³ ROCA's July-December 2001 Semiannual report

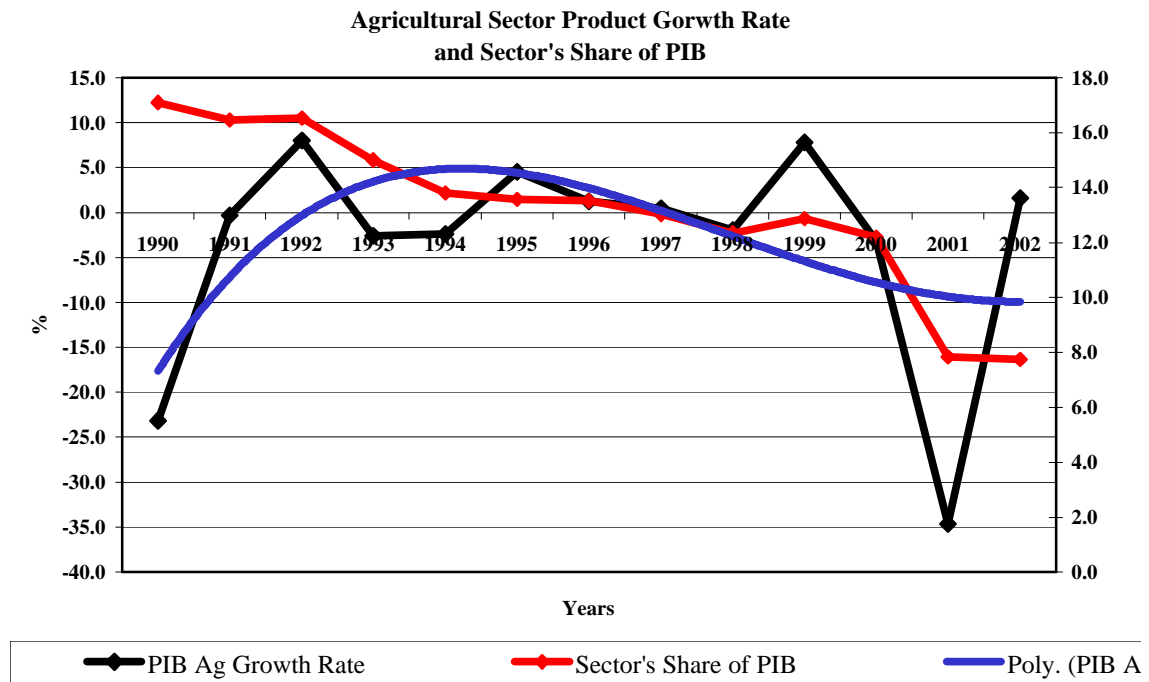
Figure 1. Gross domestic product (GDP) annual growth rate for the 1990-2001 period (estimated for 2002)



As expected, the economic sector showing the highest rate of growth is construction (with a rate of about 13% up to the third quarter), followed by the financial and industry sectors. The tradable sector grew at near 1.6% thanks to the maquila and non-traditional exports, a rate of growth similar to that of the non-tradable sector. However, the agricultural sector, eminently a producer of tradable goods, experimented a decrease equivalent to a negative 4.6%, accompanied by the decrease in the trade –commerce–sector of minus 0.1%.

The decrease of the agricultural sector's gross product began in year 2000. It dropped from about \$822 millions in 1999 to \$795 millions in 2000, and in 2001 fell to an estimated \$520 millions, a decline of about 35% in just one year. Figure 2 shows clearly this dramatic fall. This Figure shows also a decline of the sector's contribution to the national gross domestic product, reaching by 2001 a low 8%, a dramatic drop from 12% shown in 2000 (right vertical axes).

Figure 2. Annual rate of growth of the agricultural sector product and its percentage contribution to the GDP (1990-2000)



The FMCs continued facing difficulties to assemble a marketable, profitable volume of products while imports of vegetables and fruits were still an important proportion of the total consumption. In addition to the repercussions already mentioned, the pattern of land use for these high value products still shows a wide geographical dispersion, aggravated by difficulties for accessing due to bad conditions of the rural roads.

Annex 11.

Evaluation team

Annex 11. Evaluation team

Dr. Milton G. Muñoz Team Leader

Sustainable Economic Development and Project Evaluation specialist with a Ph.D degree in Agricultural Communications from the University of Wisconsin. Dr. Muñoz is a Colombian citizen, with more than 25 years dedicated to programs oriented to reduce poverty in Colombia, Honduras, Dominican Republic, El Salvador, Guatemala and Peru, that include design and implementation of “market demand” programs oriented to increase market access and competitiveness by the rural poor.

He has carried out long and short term technical assignments with USAID, and short consultant work with IDB, GTZ and PNUD. Relevant experience to the proposed evaluation assignment, is represented by Dr. Muñoz’s latest long term responsibility (1999 – 2002) as Secondary Cities Program Coordinator of the “Honduras Policy Enhancement and Productivity Project (PEP)”, in Honduras. The Project designed and implemented a methodology oriented to achieve sustainable economic growth in selected secondary cities and their areas of influence. Among other achievements, the Project implemented two novel agribusiness activities with strong rural women participation that were highly successful, materializing sales of over \$150,000 in the first phase of the Program. These activities were: “Decorative Accessories Export Program to the USA Market” and the “Honduran Ethnic Cheese Export Program to the USA Market”.

The professional experience of Dr. Muñoz in project evaluation and assessments tasks include his participation in the Final Evaluation of the “Honduran Agricultural Research Foundation (FHIA) and the Export Development and Services Project (FPX)”, that he performed through a services contract with AGRIDEC. More recently, he was Team Leader of an evaluation of the “Modernization of Agricultural Technology Services (PROMOSTA) Program” , a five years project financed by IDB in Honduras. As Agricultural Policy Specialist, Dr. Muñoz also participated in a recent evaluation of the “Proyecto de Apoyo a la Planificación Agraria en Perú – PROAPA-”

Dr. Muñoz has published more than sixty (60) studies and has seven years of experience as University professor at the Graduate level in Colombia.

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Dr. Federico Poey, Agronomist

Dr. Poey is a Cuban born American citizen with M.S. and PhD degrees from the Colegio de Postgraduados, Chapingo, Mexico, with a life time dedication to agricultural research and transfer of technologies. His experience as long term senior specialist at CIMMYT and CIAT contributed to a global and multidisciplinary vision of developing agriculture and bringing modern technologies to small farmers, particularly in the Central American countries.

As founder and president of AGRIDEC, Dr. Poey has led and/or participated in numerous short and long term agricultural development projects in Central American countries, mainly through USAID sponsored assignments. This experience includes leading and participating in many evaluation and assessment of agricultural projects.

In Guatemala, Dr. Poey led evaluation teams for the “Rapid Assessment of the Seed Requirements of Small Farmers in Areas Devastated by Hurricane Mitch” and for the “Post-Mitch Production and Distribution of Seeds for Small Farmers”, under AGRIDEC contracts with USAID/Guatemala funding.

Dr. Poey’s most recent project evaluation experience, includes his systematic evaluation of over 100 research project proposals and bimonthly progress reports of the 34 approved projects in the “Executing Entity for Sources Support to Research”, in Panama (1999-2002). In this IDB financed project, AGRIDEC participated as subcontractor to the University of Florida .

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M.S Francisco Molina , Economist

Mr. Molina is Salvadorian citizen with a Master of Arts degree in Economics from the American University in Washington D.C., and completed course work for a Law degree at the Universidad Jose Maria Delgado in San Salvador.

From 1985 to 1998, Mr. Molina was “Chief Economist” and “Technical Advisor for Program Monitoring and Evaluation” at USAID/El Salvador where he actively participated in the design, analysis and implementation of studies and projects related to economic trends and policy development on external, fiscal and financial sectors, institutional strengthening programs in the public sector and other social development activities. His responsibilities included the supervision and implementation of economic, financial and sustainable analysis of USAD Mission projects that include agricultural development programs.

Since 1999, Mr. Molina has conducted short term assignments that expanded his vision of the Salvadorean economic and social perspective, such as analysis and feasibility studies on the post-earthquake reconstruction of markets, progress in education, housing and human development activities.

Mr. Molina’s native knowledge of the Salvadorian economic and society developing efforts and related experience as Lead Technical Advisor for Programming Monitoring and Evaluation for the USAID Mission brings strength and proper local guidance to the proposed evaluation activity.

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